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Oil and Nationalism in Nigeria, 1970-1980

Committee:

Oloruntoyin Falola, Supervisor

Jonathan C. Brown

Juliet E.K. Walker

Christopher Adejumo

Ademola Babalola

Oil and Nationalism in Nigeria, 1970-1980

by

Ann Weymouth Genova, B.A.; M.A.

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Ann Weymouth Genova, Ph.D.

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Supervisor: Oloruntoyin Falola

In July 1979, Nigeria's federal military government declared a 100% takeover of select operations belonging to the London-based oil company, British Petroleum (BP). The takeover of BP marked the takeover of Nigeria's most lucrative industry that had been controlled by foreign investors. Within the secondary literature a more elaborate version of this event is offered by scholars, declaring it nationalization with little agreement over why this "Giant of West Africa" nationalized BP. Some mention South Africa, others Southern Rhodesia (present-day Zimbabwe); some mention oil, while others solely discuss UK diplomacy. Why the discrepancy over the reason for nationalization? This project sets out to explain not only why Nigeria nationalized BP in 1979, but also how the nationalization fits into the broad theoretical discussions on nationalism, economic policy, foreign relations, and nationalization. It challenges the popular narrative of why Nigeria nationalized BP and substantially revises it. The argument is put forward that the nationalization of BP hinged almost entirely on the notion of economic nationalism and that the nationalization fit into an established trend of takeovers aimed at foreign companies. The federal military government simply used

southern Africa –discussed as the sole reason for nationalization within the secondary literature– as a way to bolster international support. This project also project uses the nationalization as a looking-glass into Nigeria and its oil industry during the 1970s. Also, this project addresses the impact the nationalization had on Nigerian society. With regard to nationalism, Nigeria represents an excellent case for understanding the existence and application of economic nationalism, which functions not only as a subject of study much like ethnic nationalism or civic nationalism, but also as a new perspective on the relationship between the various expressions of nationalism and economic policy.

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Introduction

On 30 July 1979, Festus Marinho, the managing director of the Nigerian National Petroleum Company (NNPC) on behalf of Nigeria's military leader, General¹ Olusegun Obasanjo, dispatched a telegram to BP (Nigeria) Ltd. stating that Nigeria intended to "increase its participation to 100%" in Shell-BP and BP (Nigeria).² He went on to say that the decision stemmed from the United Kingdom's proposed change in policy favoring the resumption of oil supplies to South Africa.³ Not surprisingly, this same message was repeated in Nigeria's government-monitored newspapers a day or two later. Scholars who included this event in their studies of Nigeria, however, produced a simplified and dramatized version of the declaration by stating that Nigeria—one of the world's largest producers and exporters of petroleum— had "nationalized" the London-based British oil company, British Petroleum. Within these work we find little agreement over why this "Giant of West Africa" nationalized BP. Some mention South Africa, others Southern Rhodesia⁴ (present-day Zimbabwe); some mention oil, while others solely discuss UK diplomacy. Why the discrepancy over the reason for nationalization? And, why did Marinho use the term participation and not nationalization when addressing BP? The terms suggest similar processes of transferring financial ownership and control of a

¹ Over the span of several decades, many leading figures in Nigeria's history underwent several changes in military ranking. For the purpose of consistency, only highest ranking is used in this work.

² "BP Nigeria," memo from Shell International Petroleum (London) to BP (London), 30 July 1979, BP 4823. Hereafter, Shell International Petroleum (London) is cited as simply Shell (London).

³ "Nationalisation," memo from Shell (London) to BP (London), 31 July 1979, BP 4823, 1.

foreign company into Nigerian hands, but carry very distinct messages pertaining to nationalism, economic interests, and global outlook. In looking how the announcement has been presented, it is evident that the nationalization of BP was more complicated than suggested in public reports with regard to Nigeria's intended purpose, execution, and reasoning.

Nigeria is one of the world's largest producers and exporters of oil in the world. The success of Nigeria's industry comes from the high quality of crude oil –low in sulfur and light in consistency– that it produces. Also, Nigeria's proximity to Europe and the United States has given Nigeria a competitive edge over the Middle East in terms of marketing. The production of commercial quantities of oil in Nigeria was started in 1956 by Shell-BP Petroleum Company (Shell-BP), but did not really take off until 1970. Much of Nigeria's crude oil and natural gas fields are located in the Niger Delta, an ecologically sensitive area of mangrove swamps where its inhabitants depend on fishing and farming. In recent decades, the Niger Delta has become a hotbed of dispute between the oil companies, Nigerian state, and underrepresented ethnic groups living in the region. While the large-scale production of oil has generated a great deal of revenue for Nigeria, it has also created strong undercurrents of political and economic instability, particularly in the Niger Delta. Within this context, the nationalization of BP represented a major milestone for Nigeria's oil industry.

⁴ Southern Rhodesia became simply referred to as Rhodesia after its counterpart, Northern Rhodesia, became independent and changed its name to Zambia in 1964. The name change also reflected the period from 1965 to 1979 when it was ruled by a white-minority regime. Throughout this work it is referred to as Southern Rhodesia to respect those who did not see post-1965 developments as steps closer to independence from European, colonial rule.

The nationalization of BP marked a major takeover within Nigeria's most lucrative industry that had been controlled by foreign investors. This put Nigeria's state-owned oil company, the NNPC, in a theoretically advantageous position within the largest company, Shell-BP, in the most profitable industry in the country. It also represented the last major transfer of control from a transnational company to a state-owned company in Nigeria's oil industry. Since the nationalization of BP almost thirty years ago, Nigeria's oil industry has undergone only a few minor changes. For many Nigerians, it also indicated a high-point in history when Nigeria exercised a leadership position within the global struggle for liberation of southern Africa by using its oil as a political weapon. To capture the events that led to nationalization properly, the proceeding chapters start in the mid-1960s with Nigeria's first military coup and the illegal declaration of independence by Southern Rhodesia and end in the late 1970s with the nationalization. Along similar lines, the nationalization also added the flare of removing yet another financial remnant of British colonial rule, which lasted from the mid-1800s to 1960. The UK-based company, BP (hereafter referred to as BP (London)), held a 50 percent share in Shell-BP and was involved in a number of oil companies operating in Nigeria. Within BP (London), the UK maintained a 40-60 percent share, which, for Nigerian nationalists, made BP the government's pawn and a vestige of colonial rule. For Nigeria, taking over BP was not just about financial advantage, but about post-colonial sentiment.

This project sets out to explain not only why Nigeria nationalized BP in 1979, but also how the event fits into the broad theoretical discussions on nationalism, economic policy, foreign relations, and nationalization. By engaging in a wide range of material on

the subject, I set out to answer several fundamental questions. I started with the simple questions of why BP and why 1979? Also, did the nationalization hinge on southern Africa and the use of oil as a political weapon as suggested by Marinho and the secondary literature or on internal political and economic policy pertaining to oil? What was the relationship between the nationalization and Nigeria's quest for national unity? By examining the nationalization of BP, this project contributes to ongoing discussions of Nigeria's oil industry, foreign policy, and quest for a national identity.

This project deals with Nigeria's oil history on two levels. The first level challenges the popular narrative of why Nigeria nationalized BP and substantially revises it. I argue that the nationalization of BP hinged almost entirely on the notion of economic nationalism and that the nationalization fit into an established trend of takeovers aimed at foreign companies operating within Nigeria. Obasanjo simply used southern Africa – discussed as the sole reason for nationalization within the secondary literature– as a way to bolster international support, especially within the Organization of African Unity (OAU). Let us examine further the declaration made in the summer of 1979: Nigeria nationalized BP because of the UK's alleged resumption of oil supplies to South Africa. The southern Africa conclusion leaves the question of why BP and why 1979 largely unanswered. Certainly, the UK's and BP's attitude toward, and activities within, southern Africa greatly frustrated Nigeria as the secondary literature suggests; however, the internal forces of grandiose economic policy explain why BP and why 1979 more clearly. These internal forces also explain the significance of Nigeria using the term participation instead of nationalization.

The second level of this project uses the nationalization as a looking-glass into Nigeria and its oil industry during the 1970s. In the proceeding chapters, I look at what insight the nationalization provides into issues of nationalism, oil policy, foreign relations, and nationalization. Also, this project addresses the impact the nationalization had on Nigerian society. While much of the analysis emphasizes my own perspective on the nationalization, I have found it useful to apply the popularly expressed one as a base-point and as evidence of the power of nationalist language. For the second level of this project, I posed a separate series of questions regarding the relationship between oil and nationalism. These assisted in drawing conclusions about the roots of corruption and crisis in the Niger Delta. The non-profit organization, Transparency International, ranked Nigeria the second most corrupt country in the world in 2001.⁵ I argue that the spirit of nationalism through economic measures combined with personal greed greatly contributed to the presence of corruption so prevalent in Nigeria today. A look at oil and nationalism in Nigeria during the 1970s also offers some perspective on the crisis in the Niger Delta. Nationalism through economic policy placed the state in almost full control of its oil industry. I argue that the nationalization of BP in 1979 placed the state and the minority groups in the Niger Delta in direct contact with one another. Prior to the nationalization of BP, these delta citizens saw the military government as a potential ally against the transnational companies. The project also addresses questions regarding how the nationalization of BP fits into existing discussions on the concepts of nationalism and nationalization as they related to oil all over the world. Where does the case of Nigeria

⁵ Transparency International, "Corruptions Perceptions Index, 2001," http://www.transparency.org/policy_research/surveys_indices/cpi/2001 (accessed on 31 October 2006).

fit? Does it replicate expressions of nationalism and nationalization processes elsewhere in the world or is it unique? And, does the nationalization provide evidence for or against the popularly understood austere devotion to the liberation of southern Africa?

With regard to nationalism, Nigeria represents an excellent case for understanding the existence and application of economic nationalism. Most works on nationalism focus on either organic nationalisms or constructed nationalisms; failing to include economic nationalism, which has the proven ability to unify fractured states and forge a unique identity that sets them apart from others. Economic nationalism functions not only as a subject of study much like ethnic nationalism or civic nationalism, but also as a new perspective on the relationship between the various expressions of nationalism and economic policy. The latter is concerned with not only the impact economic policy has on nationalism, but also the affect nationalism has on economic policy. As an increasingly integral part of a state's application of constructed (or civic) nationalism, economic policy becomes equally important. In this sense, scholars often use the phrase nationalist economic policy.⁶

Economic nationalism moves beyond that interpretation and allows for the interaction of economic policy and nationalism in Nigeria to take center stage, providing new interpretations of the past and tentative solutions for the future. The idea that economic nationalism represented the underlying driving force behind Nigeria's nationalization of BP serves as the primary argument of this work. As a perspective, it places Nigeria's economic policy in the center and allows us to assess the nationalization

⁶ Harry Johnson, "Economic Nationalism in New States," in *Nationalism*, eds. John Hutchinson and Anthony D. Smith, 236-240 (Oxford: Oxford University Press, 1994).

of BP through this lens. In this regard, economic nationalism as a method of study allows for a fresh interpretation of Nigeria's nationalization of BP in 1979.

The nationalization of a transnational oil company in Nigeria represented an ideological break from other countries. In most cases involving oil-rich developing countries, nationalization resulted from disagreements over labor, royalties, or control. Grievances were presented to the oil companies, with great publicity, followed by a declaration of asset and operation seizure. Nationalization refers to the broad economic policies that transfer foreign property (also discussed as assets and operations), partially or completely, to either the state or local private owners.

The case of Nigeria does not fit neatly into the existing definition of nationalization or the prevailing characteristics shaped by oil-rich developing countries outside Africa. Nigeria's case indicates two distinct differences. First, unlike other countries, Nigeria did not declare nationalization; it called for an increase in participation. This is highly unusual, especially if we accept, for a moment, the idea that Nigeria was using its oil as a political weapon. Second, the fate of BP actually does fit into the definition of participation, as suggested by Marinho, because it marked the increase in equity shares within various interests held by BP. Participation, more so than any other term, suggests that the takeover of BP's assets stemmed from a series of decrees aimed at increasing the participation in Nigeria's economy by the state as well as private, Nigerian investors. However, the duplicitous nature of Nigeria's take over of BP prevents participation to serve as an entirely sufficient descriptor. It adequately defines the internal context, which is sorely missing from the popular narrative, while simultaneously ignoring the role Nigeria's liberation campaign played. I have chosen to identify the

peculiar case of Nigeria's nationalization of BP as deceptive nationalization, to emphasize the intentional overlap of economic nationalism and foreign policy and the illusory manner in which it was done. Nigeria managed to refashion the reasoning and process of nationalization and turn it into something uniquely Nigerian. Like so many other aspects of Nigeria's history, the nationalization reminds us of Nigeria's exceptionalism.

Methodology and Sources

The nationalization of BP crosses into several geographical and theoretical areas of study. To keep this work within manageable terms, I have restricted it to a study on Nigeria. That said, however, it inevitably crosses over into the fields of southern African studies and corporate history. Notably, this project addresses and contributes to the literature on British Petroleum and, its long-time industry partner, Shell. The literature on these corporate activities is limited, with none of them non-commissioned.⁷ This project on BP builds on that of James Bamberg's, which examines the era of nationalism, but does not include Nigeria in the analysis.⁸ It also serves as among the first to discuss in detail BP's activities in Nigeria. In the context of state-corporate relations, the nationalization marks a significant shift for Nigeria and BP because represented the end of almost all of BP's activities in Nigeria. Within the past few years, scholars are

⁷ R.W. Ferrier, *The History of the British Petroleum Company*, 2 vols. (Cambridge: Cambridge University Press, 1982); Stephen Howarth, *A Century in Oil: The 'Shell' Transport and Trading Company, 1897-1997* (London: Weidenfeld and Nicolson, 1997).

⁸ James Bamberg, *British Petroleum and Global Oil, 1950-1975: The Challenge of Nationalism* (Cambridge: Cambridge University Press, 2000).

becoming increasingly interested in the history of foreign firms in Nigeria as the trend of nationalization has shifted to privatization. Many of the aspects of Nigeria's economy closed to outside investment have been opened. It has been well documented that China and its firms have been investing heavily in Africa, especially in Nigeria's oil industry, with the past few years.⁹ Are Nigeria's leaders as concerned about imperialism and exploitation with China as they were during the 1970s with the UK? Is Nigeria doomed to repeat the same experience of inequality and mutual mistrust that it had in previous decades?

In addition to engaging with works on nationalism and, more specifically, economic nationalism as discussed above, this project also addresses the large body of works on Nigeria's oil industry. A keyword search on oil in Nigeria may produce a long list of books, but, in general, they treat the same period of time and draw similar conclusions. The oil boom of the mid-1970s drew a great deal of attention, particularly when development projects showed signs of failure by the end of the decade. During this period, oil represented the basis of not only the economy, but also its identity. Indeed, most works on this time period can scarcely avoid tying oil into discussions on aspect of Nigeria. As a result, most works touching on the 1970s address Nigeria's political economy.¹⁰ There is a strong tendency to link oil with underdevelopment and pinpoint the economic policies which contributed to Nigeria's current situation as among the twenty

⁹ BBC News, "China and Nigeria Agree Oil Deal," *BBC News*, <http://news.bbc.co.uk/2/hi/business/4946708.stm> (accessed on 29 April 2006); BBC News, "China-Africa Trade Jumps by 39%," *BBC News*, <http://news.bbc.co.uk/2/hi/business/4587374.stm> (accessed on 29 April 2006).

¹⁰ See Augustine A. Ikein, *The Impact of Oil on a Developing Country* (New York: Praeger, 1988); Sarah Ahmad Kahn, *Nigeria: The Political Economy of Oil* (Oxford: Oxford University Press, 1994); Emmanuel U. Nnadozie, *Oil and Socioeconomic Crisis in Nigeria* (Lewiston, NY: Mellen University Press, 1995); and J.K. Onoh, *The Nigerian Oil Economy: From Prosperity to Glut* (New York: St. Martin's Press, 1983).

poorest countries in the world.¹¹ Within this area of study, few scholars draw positive conclusions about Nigeria during the 1970s. However, in studies looking strictly at Nigeria's foreign policy we see quite a different picture.

In a separate circle, scholars link oil to Nigeria's foreign policy, exhibiting more positive conclusions about Nigeria in the 1970s.¹² Works of this nature suggest that Nigeria's membership in the Organization of Petroleum Exporting Countries (OPEC), the OAU, and its commitment to the liberation of southern Africa during that decade mark the highpoint of the country's national history. Given that the same bodies of decision-makers (military leaders) were in place, how do we reconcile the two perspectives on Nigeria during the 1970s? Most works do not link the two histories and, perhaps for nationalistic reasons, keep them separate. The nationalization of BP, for example, rarely appears within discussions of economic policy, but almost always receives attention within the context of foreign policy. This project seeks to draw Nigeria's foreign policy and economic policy closer together to draw a better, well-rounded perspective on Nigeria in the 1970s. It also restores the nationalization to its proper place in discussions on economic policy.

Although it figures more prominently within discussions of Nigeria's foreign policy, there is little agreement among scholars over why, specifically, the nationalization occurred. Most works simply mention the nationalization and integrate it into the series

¹¹ Peter O. Olayiwola, *Petroleum and Structural Change in a Developing Country: The Case of Nigeria* (Westport, CT: Praeger, 1987); Foreign and Commonwealth Office, "Country Profile –Nigeria," <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1019744984923> (accessed on 12 February 2007).

¹² See Olajide Aluko, *Essays on Nigerian Foreign Policy* (London: George Allen and Unwin, 1981); Timothy M. Shaw and Olajide Aluko, eds. *Nigerian Foreign Policy: Alternative Perceptions and*

of “radical” actions taken to transform Nigeria into a major world power. The reasons stated address all or some combination of four features: the turbulent elections in Southern Rhodesia, apartheid in South Africa, an alleged oil deal involving BP and South Africa, or the UK’s general complacency about Southern Rhodesia. Okon Akiba writes that Nigeria nationalized Shell-BP in response to Prime Minister Margaret Thatcher’s announcement that the UK would be lifting economic sanctions against Southern Rhodesia.¹³ J.K. Onoh writes that Nigeria nationalized BP in response to the Thatcher’s “*de facto* recognition of the minority government in Zimbabwe.” He attributes the short timetable for Zimbabwean independence to Nigeria’s political based action.¹⁴

Several incorporate oil into their conclusions about the nationalization. In an overview chapter on Nigeria’s growing participation in the oil industry, Cyril Obi and Kayode Soremekun mention South Africa and Zimbabwe, stating that the nationalization was “a political move against the British Government’s sales of oil to South Africa and its support for the minority regime in Zimbabwe.”¹⁵ According to the NNPC, however, “this action had nothing whatever to do with Rhodesia, and if that [the elections] went wrong it would require separate and additional action.”¹⁶ While Nigeria had been heavily involved in the liberation of southern Africa, a positive conclusion to the situation was clearly underway. In their 1981 work, Anthony Kirk-Greene and Douglas Rimmer set themselves apart by attributing the nationalization (although they themselves did not use the term) to

Projections (New York: St. Martin’s Press, 1983); and Okon Akiba, *Nigerian Foreign Policy towards Africa* (New York: Peter Lang, 1998).

¹³ Akiba, *Nigerian Foreign Policy towards Africa*, 155.

¹⁴ Onoh, *The Nigerian Oil Economy*, 123-4.

¹⁵ Cyril Obi and Kayode Soremekun, “Oil and the Nigerian State: An Overview,” in *Perspectives on the Nigerian Oil Industry*, ed. Kayode Soremekun, 20 (Lagos: Amkra Books, 1995).

¹⁶ “Nationalisation,” memo from Shell (London) to BP (London), 31 July 1979, BP 4823, 1.

not only BP's oil deal with South Africa, but also to an economic policy devised to remove an "anomaly in the implementation of the [1976] business indigenization decree."¹⁷ Although they did not elaborate on the second point, they raised a unique conclusion, and evidence introduced in this project supports their idea. Overall, the conclusions about why Nigeria nationalized BP vary, which raises questions about the methodology of scholars and the historical context surrounding the nationalization.

As a topic of research and analysis, the nationalization of BP has received little attention within the literature because it has fallen into a fissure within the historiography and, until now, has remained lodged. The nationalization quickly became an important part of nationalist literature on Nigeria's foreign policy. It represented the highpoint of Nigeria's commitment to southern Africa because it represented, on the surface, an extremely bold move. The daily reminders of the nationalization can be easily seen driving down almost any major road in Nigeria and passing by African Petroleum service stations bearing a sign that closely resembles that of BP (see Chapter 4). According to the nationalist literature on Nigeria, the liberation of southern Africa progressed more slowly than African leaders desired and the reason for this rested almost solely on the failed diplomacy of the UK. To make the African disapproval known, Nigeria nationalized BP as a strong punitive measure. Amidst the failings in so many other ways of the Gowon and Mohammed/Obasanjo regimes, southern Africa represented a positive government initiative. This perspective, in part, explains the delay in subjecting the nationalization to close scrutiny. Most scholars include the nationalization in their discussions, but without

¹⁷ Anthony Kirk-Greene and Douglas Rimmer, *Nigeria since 1970: A Political and Economic Outline* (New York: Africana Publishing, 1981), 88.

addressing the specifics of it. This brings up additional points as to why the nationalization has never been subjected to close analysis.

As mentioned previously, scholars never quite agreed on the reasons for the nationalization and instead of probing they left it open to speculation. In part, this confusion stems from the Nigeria federal military government's inability to clearly articulate its reasoning to the public. Also, the actual impact of the nationalization proved minimal for the average Nigerian amidst the flurry of rapid economic change. Indeed, the failure of concrete benefits to emerge from the nationalization frustrated those, particularly in the Niger Delta. The nationalization of BP illustrates the power of unfulfilled promises. These issues are quite telling because they bring into question the connection between the nationalization and southern Africa. Another reason can be attributed to the historiography and, with it, the accepted methodology.

Within the historiography of Nigeria, we can easily isolate a major shift in focus and, in doing so, can see where the nationalization as a topic of study fell into obscurity. In the mid-20th century this shift occurred with the quest for replacing Eurocentric perspectives on Nigeria with those based on research within Nigeria using oral sources, archaeology, the Nigerian media, and even government publications as evidence. In this sense, the "dominant narrative" of the European victors in the conquest of Nigeria was replaced with the Nigerian "subordinate narrative". This approach has proven highly useful and has produced influential results that revised Nigeria's history. Aside from subaltern studies, however, the limitations of this trend are starting to show. As we move away from the era of colonial rule and well into the fifth decade of independence, this approach has become problematic. During the 1970s, the "dominant narrative" is that of

the Nigerian state. Nigeria's policies during that time centered on minimizing outside influence and placing Western countries and firms in a subordinate position making their narrative the "subordinate" one. Within the literature on Nigeria, however, this shift has yet to fully take place. Many scholars writing on Nigeria, and its oil history, continue to slight sources from the West in favor of those from Nigeria, believing them to represent the "subordinate," and authentic perspective. Thus, much of the literature on Nigeria exhibits the same heavy reliance on Nigerian newspapers and government-released information and the dismissal of Western archival sources that have been declassified and made available. My work applies a reshuffling of the narrative order to keep pace with Nigeria's continual evolution as an independent state. Indeed, this contemporary "subordinate narrative" has pulled the nationalization as a topic of study out of obscurity and exposed it to a fresh set of analytical criteria. The result of this methodology has proven fruitful in shedding new light onto the nationalization and, consequently, the accepted conclusions about it.

The archival materials consulted for this project were pulled from a variety of locations between 2004 and 2006, including Nigeria, England, and to a lesser extent, South Africa and the United States.¹⁸ In Nigeria, materials gathered included those from various universities and research centers, such as the National Archives of Nigeria at Ibadan and Enugu, Obafemi Awolowo University's library, the Nigerian Institute of Social and Economic Research (NISER) in Lagos, and the Nigerian Institute of International Affairs (NIIA) in Ibadan. From these places, I gathered a range of

¹⁸ Research funded through the Patrice Lumumba Fellowship awarded by the Center of African and African-American Studies at the University of Texas at Austin.

pamphlets, press statements, and decrees issued by the federal government as well as newspaper clippings. Publications by the NNPC were a critical source as well. Unfortunately, paperwork of BP (Nigeria)'s prior expropriation are not traceable. According to BP's Archives, those materials were seized by the Nigerian government. The papers may have been housed in the office of the NNPC headquarters in Lagos, but in 2003 a fire gutted the building, destroying much of the company's library. My fieldwork in Nigeria also included a combination of formal interviews and informal conversations with Nigerians from a variety of backgrounds such as petroleum station owners, university professors, and small-business women and men in southwestern Nigeria.¹⁹ The goal of the interviews was to ascertain the public perception on the nationalization and gauge how it affected their lives.

British Petroleum's Archives in Coventry, England provided materials on its corporate operations in Nigeria and southern Africa.²⁰ These materials include annual reports, which are integral to understanding the level of involvement of the company at any given time, and correspondence between BP in London and in Africa. Imbedded in these files are letters and statements by Nigerian officials that, due to problems of preservation, are no longer available within Nigeria. For BP, Nigeria was of such importance that embedded in files pertaining to southern Africa were memos discussing how their actions might affect its relationship with Nigeria. Thus, efforts in piecing together Nigeria's perspective relied on discoveries in unexpected sources. For

¹⁹ A sincere thanks to Professor Ademola Babalola of Obafemi Awolowo University in Ile-Ife, Nigeria and his family for their assistance in conducting the interviews.

²⁰ A special thanks to BP's archivist, Peter Housego, for his assistance during my research trips between 2005 and 2006.

ascertaining Nigeria's commitment to southern Africa and the suspected activities of oil companies in the region, the Anti-Apartheid Movement Collection at Rhodes House in Oxford offered a great deal of insight. Materials at the National Archives in Kew were extremely valuable in tracing BP and Nigeria's thoughts in relationship to the British government throughout the mid-1960s and 1970s. These sources provided the greatest amount of evidence for my conclusions on the nationalization of BP.

Within the United States and South Africa, I conducted a limited search of newspaper clippings and government statistics. From the University of the Free State in Bloemfontein in South Africa, I collected newspaper clippings in English and Afrikaans to ascertain the regional public opinion within the "heartland" of Afrikaan culture. A similar review of materials available on Nigeria was done within the United States using the ExxonMobil Archives housed at the Center for American History. The integration of all of these sources from Nigeria, England, South Africa, and the United States provided not only evidence supporting the thesis of the dissertation, but also numerous developments that complicate the story and compare BP's activities to other major transnational companies.

Organization

This project is organized into six chapters, with the first two providing the theoretical and historical background. The middle two chapters focus on presenting the popular narrative on the nationalization of BP, deconstructing it, and rebuilding it within the context of economic nationalism. The last two chapters explore why the federal

military government hitched the nationalization of BP on the liberation of southern Africa and how this, and other factors, make this nationalization exceptional. The conclusion addresses the impact economic nationalism and, more specifically, the nationalization had on Nigeria's economy and society. The goal of this work is to lace together the perspective of economic nationalism with the peculiar fate of BP in Nigeria.

Chapter 1 introduces the theoretical framework for this project. Nation and nationalism are common words used in discussing postcolonial Africa, but lack satisfactory definitions. The characteristics that make a nation and an expression of nationalism have been largely borrowed from European studies and do not transfer well into African studies. Assumptions developed for the presence of civic nationalism and ethnic nationalism lack the dexterity necessary when looking at African countries such as Nigeria. To remedy the problem, this chapter introduces economic nationalism.

Chapter 2 explores the history of Nigeria, with an emphasis on the 1970s. This chapter also introduces the basic features of Nigeria's oil industry at the time, including trading ports, refineries, and production fields. Most of the major transnational oil companies operated in some capacity in Nigeria during the 1970s. Here we also examine the origins and global network of BP and, more specifically, its operations in Nigeria since the discovery of commercial quantities in the late 1950s. Because Nigeria viewed BP as a proxy for British political and financial interests, Nigeria handled the company in a manner separate from the other major transnational oil companies. Nigeria and BP experienced moments of tension having as much to do with general oil negotiations as post-colonial frustrations. These subtle tensions propelled Nigeria's oil industry into greater production levels and broader distribution networks in the 1970s than previously

existed. Issues surrounding Nigeria's economy and the role of oil revenue within it are introduced here and revisited in later chapters.

Chapter 3 recounts the events leading to Nigeria's nationalization of BP in 1979. Here, the narrative is presented as popularly understood. We look at Nigeria's involvement in the liberation of southern Africa (namely South Africa and Southern Rhodesia), and allegations that surfaced regarding BP's continual supply of petroleum products to that region despite international sanctions. Through the incorporation of archival evidence, this chapter fleshes out aspects of this fascinating narrative and clarify suspicious pieces of information. Of particular interest in this chapter is the full story on Nigeria's scheme just prior to the democratic elections and the nationalization of BP, which involved the revival of a prohibition law on any trade with South Africa and the catching of trading companies, such as BP, in violation of it. The prohibition served as a way of emphasizing BP's dishonest behavior just before the announcement of nationalization.

Chapter 4 picks up the narrative from the previous chapter and deconstructs it. After highlighting areas of misinformation and offering new conclusions regarding the popular narrative, this chapter moves toward rebuilding the narrative. This includes placing the nationalization of BP within the context of policies that highlight Nigeria's commitment to economic nationalism during the 1970s. Economic nationalism served as a way to forge a unified identity with some distinction. In this chapter we trace a series of development plans and indigenization decrees as well as independently initiated take overs and nationalizations within the upstream and downstream sectors of Nigeria's oil

industry.²¹ But, these steps toward a major economic transformation do not belong solely to the federal military government. Influential businessmen, organizations, and local-level governments lobbied for many of these changes, especially within the oil industry. In this regard, we see the influence nationalism has on economic policy. The nationalization of BP, nestled amongst many similar economic endeavors, appears less exceptional than popularly presented.

Chapter 5 describes the process of nationalization and the formation of African Petroleum, the successor of BP (Nigeria). Within the literature on oil, the subject of nationalization receives a great deal of attention as part of individual country studies. In placing Nigeria into comparison with other countries, we find that Nigeria represents an unusual case within the trend of nationalizations because of the tremendous disconnect between rhetoric and reality. This chapter also highlights the fine print of the nationalization, which reveals that BP lost some, not all, of its assets and operations. The discussion of BP's nationalization ends with an ironic twist –African Petroleum has maintained a working relationship with BP (South Africa) for the past twenty years. This situation brings into question BP and Nigeria's relationship during the nationalization as well as Nigeria's connection with South Africa.

Chapter 6 returns to Nigeria's interest in southern Africa and analyzes how it became a national cause and why it was an effective strategy. We explore the language and symbolism used by the Nigerian government through the Nigerian media. Analyzing speeches given by Nigerian leaders, we can identify Nigeria's attempt to bond with

²¹ *Upstream* refers to the exploration, drilling, and production of petroleum. *Downstream* relates to the transport, refining, and petrochemical processes that get petroleum products to the consumer.

African-Americans in the United States and Africans in southern Africa through references to labor exploitation and racism. This chapter highlights the connection between economic policy and foreign policy, which in most analytical studies is treated separately.

Finally, a brief concluding chapter brings us back to Nigeria and its economy to assess the affects of economic nationalism and deceptive nationalization. In it, Nigeria's situation as a rentier state plagued by corruption and a deteriorating economy is discussed. A section on areas of future research highlights understudied topics that have come out this project on nationalization. This conclusion serves as a way to draw together the different components of the project as well as take a step toward moving beyond the scope of peculiar case of Nigeria's nationalization of BP.

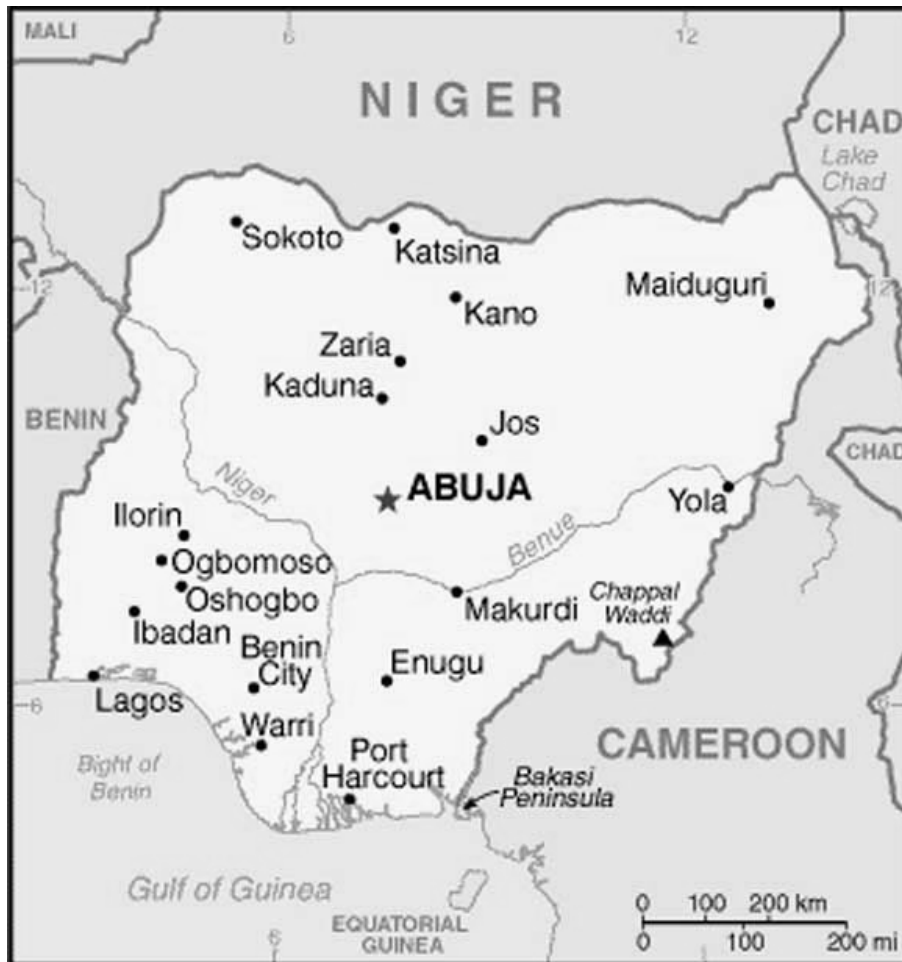


Illustration 1: Map of Nigeria²²

²² Central Intelligence Agency, *CIA World Factbook Online – Nigeria* (2006), <http://www.cia.gov/cia/publications/factbook/geos/ni> (accessed on 3 April 2007).

Chapter 1: Oil and Economic Nationalism

Scholars of contemporary Nigerian history largely agree that a fundamental problem that holds Nigeria's development back is its lack of national identity. But what does it mean to be a nation? And, how does Nigeria attain that goal? Generally, scholars start by defining a nation in broad terms, highlighting features of nationalism, and proposing strategies for nation-building. While there is consensus on the first step, there is little on the second and third. This is especially true when crossing over from European cases to African ones. Definitions of a nation and guidelines for nation-building are based on studies of Western Europe. Are these applicable to Africa, or more specifically, Nigeria? In looking at the fragile British colonial construction that is Nigeria, a new set of challenges to the studying of nationalism. In this chapter I argue that the general categories of nationalism fail to adequately address the situation that unfolded in Nigeria during the 1970s. With regard to nation-building Nigeria's oil industry has, as the popular saying goes, represented a "blessing and a curse." It is also what complicates our understanding of nationalism in Nigeria. To resolve this dilemma, I propose economic nationalism as lens through which to view Nigeria's situation. This perspective not only addresses the role of oil in Nigeria during the 1970s, but also the influence nationalism has on economic policy. This chapter provides an overview of the issues complicating the study of nations, forms of nationalism, and nation-building.

Nation-State

While Nigeria exists territorially and functions, to some extent, as a modern state, it lacks the components to make it a true nation-state.²³ But, what does it mean to be a nation versus and nation-state? Since ancient times, scholars have debated the definitions of these terms. Simply stated, Anthony D. Smith defines a nation as,

a named human population occupying a historic territory or homeland and sharing common myths and memories; a mass, popular culture; a single economy; and common rights and duties for all members.²⁴

Horace B. Davis adds that a nation is a specific territory with a certain minimum size and is conscious of itself as a nation.²⁵ Smith's definition encapsulates unity through culture and territory, but makes no reference to time. With this omission, he has indicated that a nation has existed since time immemorial. In light of this perspective, nation and ethnicity can be used interchangeably. This interpretation marks a departure from an assumption commonly used in studies restricted to Europe, which identifies nations as modern phenomena.²⁶

For centuries, scholars restricted their studies to Europe in the 19th and early 20th centuries. Without being explicit, they assumed that all nations turned into nation-states, with ethnic claims disappearing. In the mid-20th century ethnic nationalism and separatist movements challenged this romantic view of nations, exposing the limitations of their

²³ See Abubakar Momoh and Said Adejumo, eds., *The National Question in Nigeria* (Hampshire: Ashgate Publishing, 2002) and Arthur A. Nwankwo, *National Consciousness for Nigeria* (Enugu: Fourth Dimension Publishing, 1985).

²⁴ Anthony D. Smith, *The Nation in History* (Hanover, NJ: University Press of New England, 2000), 3.

²⁵ Horace B. Davis, *Toward a Marxist Theory of Nationalism* (New York: Monthly Review Press, 1978), 8.

assumptions.²⁷ What people failed to recognize is the existence of nations in Africa before colonial rule. Since time immemorial, the area we identify as Nigeria today has included a multitude of nations, incorporating most, if not all, the components described above by Smith. The real debate lies in whether these early African societies can be defined as states.

To become a nation-state means that all of the attributes of a nation are recognized, maintained, and protected within a globally recognized political structure. Early scholars on nationalism argued that the formation of a nation-state occurred organically. Montserrat Guibernau categorized this perspective as “romantic nationalism” because it was based on the zeitgeist of Romanticism. This group of intellectuals assumed that each nation emphasized the “natural divisions” within the “human race,” which had been “endorsed by God....”²⁸ The end of European imperialism and the cobbling together of states in the southern hemisphere challenged this notion of naturally occurring nation-state. In practice, the culture and values of one nation, or ethnic group, dominates the state. And, any level of political autonomy with a state without total independence will never fully reflect their views on foreign and economic policy.²⁹ Within discussions on nation-building, it has been generally believed that a world comprised of nation-states offered the greatest opportunities for peaceful diplomacy, protection of individuals, and

²⁶ E. J. Hobsbawm, *Nations and Nationalism since 1780: Programme, Myth, Reality* (Cambridge: Cambridge University Press, 1990), 3.

²⁷ Anthony D. Smith, *Nations and Nationalism: Theory, Ideology, History* (Cambridge: Polity Press, 2001), 29-31.

²⁸ Montserrat Guibernau, *Nations without States: Political Communities in a Global Age* (Cambridge: Polity Press, 1999), 22.

²⁹ Guibernau, *Nations without States*, 17.

economic progress. The colonial creation that is Nigeria included many nations and this factor has complicated its transition into a nation-state.

More and more scholars are questioning this idea. In their essay on nationalism in Australia, Steven Castles et al raise the possibility that nation-states may become irrelevant in the new millennium. They argue that there is little value in having an economically weak nation-state with only the shell of political authority.³⁰ While this many certainly raise some interesting possibilities for Nigeria, these ideas have only emerged recently. During the 1970s, the quest for the nation-state was the primary goal for most developing countries. How does it become a nation-state without becoming culturally homogenous or politically exclusionary?

In the mid-1960s Nigeria's leaders tried to reach a compromise between becoming a nation-state and maintaining cultural distinctions by establishing the country as a federation. This represented one of Nigeria's first attempts as an independent state to become a nation. Nigeria, like so many other African countries, had to work toward becoming a nation-state. Robert I. Rotberg emphasizes that because of colonialism, ethnic groups within Africa highly conscious of themselves as politically disrupted nations.³¹ For the most part, forging a nation-state out of culturally distinct nations was an exercise in unexplored territory. While the idea of creating a nation from a state is not new, African countries such as Nigeria tested the feasibility of the concept. Jean-Jacques

³⁰ Steven Castles and others, "Australia: Multi-Ethnic Community without Nationalism?," in *Ethnicity*, eds. John Hutchinson and Anthony D. Smith, 360 (Oxford: Oxford University Press, 1996).

³¹ Robert I. Rotberg, "African Nationalism: Concept or Confusion?," *Journal of Modern African Studies* 4, no. 1 (May 1966), 37.

Rousseau in the 18th century discusses the importance of forging nationalism in Europe within a state. He writes:

The first rule that we must follow is that of national character. Every people has, or must have, a character; if it lacks one, we must begin by endowing it with one.³²

His seminal work marked an initial divergence toward the “organic” formation of a nation and the acknowledgement that in some cases, a nation has to be created *after* the establishment of a state. While Nigeria did not represent a nation without states, it did resemble a state with multiple nations. Rousseau was among the first intellectuals to consider the construction of a nation and national identity. Scholars after him turned this notion into a category of nationalism called civic nationalism. Within the literature it became a counterpoint to ethnic nationalism.

Ethnic Nationalism

While British colonial rule reconfigured most aspects of life for people in Nigeria, it did not destroy the bonds of a multitude of nations. Indeed, in the absence of a strong central government and economy since independence in 1960, these nations have thrived. To speak about Nigeria’s history is to speak of overlapping nationalisms that intersect with economics and politics. All over the world nationalism is a powerful, yet ambiguous term. Rotberg describes nationalism as a “morass of misapplication” because it

³² Jean-Jacques Rousseau, *The Political Writings of Jean-Jacques Rousseau*, ed. C.E. Vaughan, 2: 319 (Cambridge: Cambridge University Press, 1915).

“describes much in general and little in particular.”³³ Generally speaking, nationalism is the expression of belonging to a community, within which members recognize a “set of symbols, beliefs, and way of life” and the need to establish a “common political destiny.”³⁴ Some scholars do not consider ethnic expressions prior to the emergence of nation-states in the late 18th century as ethnic nationalism; instead, they see them simply as confirmations of ethnic affiliation.³⁵ This notion is becoming increasingly outdated as scholars move away from Europe and into the developing world. The community, however, can represent many different social groupings.

One can speak of Islamic nationalism, women’s nationalism, ethnic nationalism, and civic nationalism. These are not to be confused with nationalist movements after World War II based on anti-colonial sentiment which hastened the arrival of independence within African countries. With reference to Nigeria during the 1970s, ethnic nationalism and civic nationalism figure prominently. Ethnic nationalism, also referred to in the literature as primordial nationalism and ethno-cultural nationalism, is the expression of national identity based on select cultural attributes such as religion, customs, language, kinship that contribute to the maintenance of an ethnic community.³⁶ For most Nigerians, ethnic nationalism is not a holiday novelty, but a way of life. With over an estimated 250 ethnic groups in Nigeria, nation-building has been a challenge.

³³ Rotberg, “African Nationalism,” 33.

³⁴ Guibernau, *Nations without States*, 14.

³⁵ See Thomas Hylland Erikson, *Ethnicity and Nationalism: Anthropological Perspectives*, 2nd ed. (London: Pluto Press).

³⁶ Smith refers to ethnic nationalism as primordial nationalism; see Smith, *Nationalism*, 51-56. David Brown refers to it as ethnocultural nationalism; see David Brown, *Contemporary Nationalism: Civic, Ethnocultural and Multicultural Politics* (London: Routledge, 2000), 35-38.

As with many other developing countries, ethnic nationalism has been blamed for political instability and associated with state-wide afflictions of underdevelopment and corruption in Nigeria. Many scholars contend that ethnic nationalism shadowed civic due to a vacuum created by uneven development and a dismal transfer of power from colonial authorities in 1960. Nigerians argue that the country began its independence with ethnicity as the basis of politics, which set the country on the collision course. Using the only political tools at their disposal, aspiring Nigerian politicians relied on ethnic linkages to rally votes in the late 1950s. As a result, the country voted along ethnic lines and continues. Nigeria's post-colonial history continues to reflect this ethnic-based competition for power and resources.

But, if ethnic nationalism offered no positive benefits to an individual's life, why would it exist? This form of nationalism has distinctive features that on the one hand encourage voluntary membership, but on the other is based on organic, assigned expressions. Scholars have highlighted several pervasive the characteristics of ethnic nationalism. Ethnicity is based on what are considered "primary attributes," which include place of birth, biological features, ancestral homeland, language, and all aspects that are culturally distinct.³⁷ Much of what defines an ethnic group is derived from looking back to past claims and origin myths; this explains why ethnic nationalism has often been designated as "backwards" and hindering to social development.³⁸

Within a modern context, ethnic nationalism is often viewed negatively. It has been described as organic, exclusionary, and radical. Davis prefers to refer to ethnic

³⁷ Brown, *Contemporary Nationalism*, 21.

³⁸ Brown, *Contemporary Nationalism*, 52.

nationalism as “atavistic” nationalism to underscore these features.³⁹ Ethnic nationalism is considered intrinsically authoritarian and, at the same time, collectivist in nature.⁴⁰ Many of these features are not wholly without foundation. Within Marxist doctrine, ethnic nationalism was also viewed negatively. According to Brown, Marx saw ethnic nationalism as a “romantic myth coming from insecure middle classes.”⁴¹ This idea spread among leadership circles beyond only Marxist adherents. Ethnic nationalism is perceived by many observers as including many negative characteristics.

While many of these descriptions hold true, they are complicated by two issues. First, ethnicity can be characterized as both voluntary and involuntary. On the one hand, birthright qualifies an individual as a member and proscribes a set of cultural norms to that ethnic affiliation. Regardless of level of personal detachment, a person still carries these ethnic attributes with them. On the other hand, ethnic identity ultimately belongs to the individual, making this association voluntary.⁴² Societal complications such as racism can also complicate ethnicity because an identity may be imposed on a person.

Second, ethnicity is not automatically the antithesis of development and social progression. Boundaries complicate notions of ethnicity and reassign ethnic allegiance. In this regard, ethnic nationalism can be a forward looking phenomenon. What ethnic nationalism indicates is that nationalist ideologies differ and that nationalism can change in one direction or another.⁴³ If it is all these things, why does it survive? In the absence

³⁹ Davis, *Toward a Marxist Theory*, 28.

⁴⁰ Brown, *Contemporary Nationalism*, 50.

⁴¹ Brown, *Contemporary Nationalism*, 53.

⁴² Erikson refers to this as “emic category of ascription.” Erikson, *Ethnicity and Nationalism*, 12.

⁴³ Raymond Breton, “From Ethnic to Civic Nationalism: English Canada and Quebec,” in *Ethnicity*, eds. John Hutchinson and Anthony D. Smith, 349 (Oxford: Oxford University Press, 1996).

of an effective government, ethnic communities organize to create a support network. For example, within Nigeria there are numerous hometown associations, which perform many functions in the absence of a satisfactory state government.

The hometown associations are voluntary, non-profits and membership is based on common ancestry and place of origin. These organizations mobilize resources to provide local communities with education, facilities, medical centers, and basic amenities such as roads.⁴⁴ In the Niger Delta, the hometown association called Odimodi Ebidou Bene acted as an arbiter in a dispute between Odimodi and Ogulagba villages regarding the ownership of the land on which an oil terminal was situated. Odimodi Ebidou Bene assisted these two villages to collect rent in arrears for three years.⁴⁵ David Brown writes that ethnic associations provide security, moral authority, and psychological support.⁴⁶ The hometown associations in Nigeria operate on the consensus of ethnic affiliation, but carry with them a commitment to development and democracy (although men and women do tend to have separate organizations). The discourse on ethnic nationalism has created a sort of buffer, keeping it confined with its broad features by juxtaposing it with civic nationalism.

⁴⁴ Rex Honey and Stanley I. Okofor, eds. *Hometown Associations: Indigenous Knowledge and Development in Nigeria* (London: Intermediate Technology Publications, 1998).

⁴⁵ Chris Ikporukpo, "Development and Territoriality of a Hometown Association: The Odimodi Ebidou Bene," in *Hometown Associations: Indigenous Knowledge and Development in Nigeria*, ed. Rex Honey and Stanley I. Okofor, 71 (London: Intermediate Technology Publications, 1998).

⁴⁶ Brown, *Contemporary Nationalism*, 22.

Civic Nationalism

Civic nationalism is identified as a state-sponsored initiative to promote civic consciousness and national unity. Benedict Anderson refers to this as official nationalism because the emphasis is on public connections generated by the state.⁴⁷ In reference to Europe in the mid-18th century, Josep R. Llobera directs our attention to the presence of political nationalism.⁴⁸ In terms of state vs. nation, leaders use civic nationalism to merge the two terms into one effective nation-state. In practice, it is used as a measure to dampen ethnic and religious bonds that clash or override with state initiatives. In Nigeria, this has been the main appeal to civic nationalism. The spread of civic consciousness includes the setting up and maintenance of state institutions for people. It also includes the intention of replacing symbols of allegiance and power from an ethnic level to a state one. Visible features of civic nationalism include national anthems, state flags, aesthetically pleasing architecture for government buildings and state-funded education facilities. In Libya, for example, images of Colonel Mu'ammar al-Qadhafi remind people of the power of government. Obasanjo, in 1978, introduced a new national anthem, which omitted references to specific ethnic groups and stressed the historical bond of Nigeria.⁴⁹ Bruce Kapferer writes that nationalist projects within a state create a kind of religion,

⁴⁷ Benedict Anderson, *Imagined Communities*, rev. ed. (London: Verso, 1994), 155-162.

⁴⁸ Josep R. Llobera, *The God of Modernity: The Development of Nationalism in Western Europe* (Oxford: Berg Publishers, 1994), 103.

⁴⁹ Abu Bakarr Bah, *Breakdown and Reconstitution: Democracy, the Nation-State, and Ethnicity in Nigeria* (Lanham, MD: Lexington Books, 2005), 90.

whereby the political is “shrouded in the symbolism of a ‘higher’ purpose.”⁵⁰ Civic nationalism has been heralded as the guaranteed solution to creating a nation-state.

Perceived as the polar opposite from ethnic nationalism, civic nationalism embodies an array of positive attributes. Brown writes that civic nationalism is seen as potentially democratic and liberating for individuals because it instills a public culture shared by all. It attaches people to a public culture, which celebrates the shared residence in a specified territory. It is often described as being inclusive, democratic, and voluntary.⁵¹ In opposition to ethnic nationalism, civic nationalism is assumed to be progressive and forward-looking. But, as Brown argues, it can be based on public institutions of the past and, thus, not progressive in nature.⁵² A good example is the prevalence of laws drafted by former colonial powers in Africa that are still in place, which may identify women as the legal property of her husband. Nigeria’s leaders used civic nationalism to create unity through shared residence as opposed to ancestry.⁵³ Fighting for freedom in southern Africa, symbols of independence from the British imperialism, and federal perseverance during civil war contributed to civic nationalism in Nigeria.

Civic nationalism, for many scholars, also includes the notions of liberalism and ethical norms. Liberalism holds that individuals should express concern with the welfare of others within his/her community.⁵⁴ Its emergence within the discourse on nationalism

⁵⁰ Bruce Kapferer, *Legends of People, Myth, of State: Violence, Intolerance, and Political Culture in Sri Lanka and Australia* (Washington, DC: Smithsonian Institution Press, 1988), 1.

⁵¹ Brown, *Contemporary Nationalism*, 50-51.

⁵² Brown, *Contemporary Nationalism*, 53.

⁵³ Brown, *Contemporary Nationalism*, 50-51.

⁵⁴ Umut Özkirimli, *Contemporary Debates on Nationalism* (New York: Palgrave Macmillan, 2005), 98.

relates to the formation of nation-states. Liberalism contends that a group identity is “crucial for all human beings” and necessary to sustain a “law-abiding and caring community.”⁵⁵ Along with this idea is that the nation is also responsible for defining ethnical behavior, representing universally accepted ethics, and maintaining ethical standards within a state. Thus, civic nationalism does not only represent symbols directed toward public consciousness, but also can embrace ethical and liberal ideals.

The anti-colonial struggle in Nigeria also exemplifies a form of nationalism related to civic. African nationalism, as described within the non-socialist secondary literature, represents a revolutionary movement to overthrow European colonial rule in favor of independence. The movement called for sovereignty and individual freedom, but lacked consensus on governance and economic institutions after independence was achieved. African nationalism, unlike ethnic or civic nationalism, is tied to a specific period of time. For many in Nigeria, it represented the “golden age” of unity, which quickly disappeared within a few short years. It is most associated with civic nationalism, because the loudest rallying cry downplayed ethnicity and religion and emphasized civil consciousness. When it came time for elections, however, the story was quite different. One of the flaws of African nationalism is that if situated in a rigorous comparison project with former colonies outside of Africa such as India, it holds no major concrete distinctions from other anti-colonial movements.⁵⁶ Within a non-socialist context, African nationalism mirrors many of the positive attributes most associated with civic nationalism.

⁵⁵ Özkirimli, *Contemporary Debates on Nationalism*, 98.

⁵⁶ See Rotberg, “African Nationalism.”

Like ethnic nationalism, the assumptions about civic nationalism carry a set of problems. First, civic nationalism does not always pair with democracy. Nigeria, as a strong advocate of civic nationalism, was under the leadership of a federal military government. Second, it would be incorrect, especially in the case of Nigeria, to assume that civic nationalism includes culturally and religiously neutral properties. B. Yack argues that civic nationalism is simply a disguised form of ethnic nationalism utilized by a dominant ethnic group to fashion their own culture into the state-wide institutions.⁵⁷ The establishment of civic nationalism included, according to Nnoli, a process of continual negotiation among ethnic groups.⁵⁸ Looking at the standard assumptions about ethnic and civic nationalism reveals the fallacy of this dichotomy. Scholars within recent years have recognized the shortcomings of the “two forms approach.” Smith, for example, recognizes the problems, but finds value as a starting point for analysis within his works.⁵⁹ In looking at issues of development within Nigeria, scholars ask the compelling question of what forms did figure prominently and why?

Economic Nationalism

It was not long after independence that Nigeria’s leaders realized that national anthems, sporting events, and shared historical experiences were not enough. This prompted the experimentation with nuanced adaptations of nationalism. Scholars looking at Nigeria for a long time restricted their discussions to the two major forms of

⁵⁷ Bernard Yack, “The Myth of the Civic Nation,” in *Theorizing Nationalism*, ed. R. Beiner, 103-117 (Albany: State University of New York press, 1999).

⁵⁸ Okwudiba Nnoli, *Ethnicity and Development in Nigeria* (Aldershot: Ashgate Publishing, 1995), 20.

nationalism, leaving peculiarities unsettled. This section introduces economic nationalism as a form of nationalism. It serves as a point of departure to shed light on the intersection between nationalism, politics, and the economy in Nigeria. For this project economic nationalism is defined as the implementation of economic policy with the express purpose of constructing a national identity on the economy as opposed to ethnicity or religion.

The phrase economic nationalism is not new. Coinciding with the rise of socialism as a response to the failure of modernization theory, emerged discussions about economic nationalism. Between the 1960s and 1990s, most scholars defined economic nationalism as linked to an economic revolution, with the intention of severing all ties with the West and implementing socialism. Its characteristics include irrational, emotion-driven, exclusionary, and maintaining the seemingly contradictory qualities of both tending to be authoritarian *and* collective.⁶⁰ Stephen J. Kobrin confirms this in his article on nationalization, which he refers to as “forced divestment.” He sees economic nationalism as the application of irrational ideology embodied in cultural nationalism and injecting it into a state’s economy.⁶¹ In general, many scholars were uncomfortable placing economic policy with nationalism. Are the concepts compatible or mutually exclusive?

Many works published during the height of the Cold War (1960s to 1980s) also link economic nationalism with socialism. Scholars familiar with Marxism (and

⁵⁹ See Anthony D. Smith, *Nations and Nationalism in a Global Era* (Cambridge: Polity Press, 1995).

⁶⁰ Characteristics adapted from Anthony D. Smith’s description of what he calls *primordialism*. Smith, *The Nation in History*, 5-26.

Leninism), however, recognize the flaw in this linkage. Marxists respond by stating that social elites can not successfully impose the components of socialism; it has to emerge as a naturally-occurring revolution that eliminates class distinctions. To a large extent, forcing the expansion of public government effectively places the state within the hands of a few, within a privileged class.⁶² To the British perspective, economic nationalism meant the transfer of foreign investment to only public investment as well as an era of history spanning the 1960s and '70s:

The growth of economic nationalism inevitably means that countries want to run their own industries and that foreign investment of the kind which has helped us prosper for so long will become increasingly exposed and in many cases will be taken from us with inadequate compensation.⁶³

The concept of economic nationalism is not a recent creation. However, scholars lacked agreement on what it actually meant and in what was to be used. Was it purely socialist? Did it only refer to the 1970s? In Looking at Nigeria, we can see how these assumptions can be challenged. Economic nationalism did not mean foreign operations automatically became public ones. Nor did it mean the entrenchment of socialism. Thomas J. Biersteker's work on transnational firms in Nigeria clearly supports this point. Through his examination of Nigeria's economic plans and Nigerian Enterprise Promotions decrees, he illustrates the intended transfer of jobs, equity, and ownership from (with the exception of some aspects of oil) foreign firms to private, Nigerian business men and

⁶¹ Stephen J. Kobrin, "Foreign Enterprise and Forced Divestment in LDCs," *International Organization* 34, no. 1 (Winter 1980): 65-88.

⁶² Dudley Seers, *The Political Economy of Nationalism* (Oxford: Oxford University Press, 1983) and Thomas J. Biersteker, *Multinationals, the State, and Control of the Nigerian Economy* (Princeton: Princeton University Press, 1987).

women.⁶⁴ A large body of literature highlights the expansion of capitalism in Nigeria as a method of creating a nation-state from a state.⁶⁵ What is clear is the strong emphasis of using economic transformations as a way to build-up a nation and unite a country.

An underlying motivation for implementing economic nationalism has been a response to the shared concern over neocolonialism. The concept of neocolonialism within Africa emerged in the early 1960s, coinciding with decolonization. Neocolonialism is defined as a continued relationship between a newly independent state and its former colonizer, which is based on economic exploitation and political subservience of the former by the latter. It highlights the formal ending of colonialism, but the continuation of a new form of imperialism based on previous colonial stricture.⁶⁶ The assumptions that go along with neocolonialism include the desire to move away from cash crop economies and reduce the reliance on foreign investment. O.E. Udofia highlights in his article the connection Africans have made between imperialism and the activities of transnational companies, especially foreign oil firms.⁶⁷ Neocolonialist doctrine also assumes that economic turbulence within the country stems from this relationship and needs to be corrected. African countries became the most vocal about neocolonialism and many aggressively sought to indigenize and industrialize their

⁶³ "Indigenisation and Nationalisation in Nigeria," memo from Johns Wilson to P.J. Goulden, 24 July 1972, PRO FCO 65 1221, 1.

⁶⁴ Biersteker, *Multinationals, the State, and Control*.

⁶⁵ See Augustine A. Ikein and Comfort Briggs-Anigboh, *Oil and Fiscal Federalism: The Political Economy of Resource Allocation in a Developing Country* (Brookfield: Ashgate Publishing, 1998); Tom Forrest, *Politics and Economic Development in Nigeria* (Boulder, CO: Westview Press, 1993); and Gavin Williams, ed., *Nigeria Economy and Society* (London: Rex Collins, 1976).

⁶⁶ Aina Loomba, *Colonialism/Postcolonialism*, 2nd ed. (New York: Routledge, 2005), 7-21.

⁶⁷ O.E. Udofia, "Imperialism in Africa: A Case of Multinational Corporations," *Journal of Black Studies* 14, no. 3 (March 1984): 353-368.

industries as well as diversify its trade arrangements.⁶⁸ It was popularized by Kwame Nkrumah, Ghana's first president and advocate of socialism. In his 1962 book entitled *Neo-Colonialism: The Last Stage of Imperialism*, Nkrumah places neocolonialism into the stages of development laid out in Marxist doctrine and concludes that it is the last stage of imperialism.⁶⁹ Nkrumah defined neocolonialism as a "more insidious, complex and dangerous than the old colonialism."⁷⁰ For many African countries, cutting the chord on a neocolonial relationship was of utmost importance; it became a high priority within the project of economic nationalism.

Contemporary studies on economic nationalism emphasize the creation and cultivation of all forms of economic systems and the underlying agendas. Economic nationalism functions not only as a subject of study much like ethnic nationalism or civic nationalism, but also as a new perspective on the relationship between the various expressions of nationalism and economic policy. The latter is concerned with not only the impact economic policy has on nationalism, but also the affect nationalism has on economic policy. Until recently, economic nationalism received little attention by scholars favoring ethnic nationalism as an area of study. As an increasingly integral part of a state's application of civic nationalism, economic policy becomes equally important. In this sense, scholars often use the phrase nationalist economic policy.⁷¹ But, economic nationalism moves beyond that interpretation and allows for the interaction of economic

⁶⁸ John Smith Ikpuk, *Militarisation of Politics and Neo-Colonialism: The Nigerian Experience 1966-90* (London: Janus Publishing, 1995).

⁶⁹ Kwame Nkrumah, *Neo-Colonialism: The Last Stage of Imperialism* (New York: International Publishers, 1965).

⁷⁰ Kwame Nkrumah, *Revolutionary Path* (New York: International Publishers, 1973), 312.

⁷¹ Johnson, "Economic Nationalism in New States," 236-240.

policy and nationalism in Nigeria to take center stage, providing new interpretations of the past and tentative solutions for the future.

Within discussions on ethnic and civic nationalism, few scholars include discussions pertaining to economics, economic policy, or the impact these have had on nationalism. It has only been within the past few years that this aspect of nationalism has received serious attention. For the most part, the heavily cited theoretical works on nationalism discuss festivals, language, religion, and sporting contests, but not financial activities. Eric Hobsbawm and Terence O. Ranger discuss the invention of tradition, whereby cultural attributes or national activities had been deliberately created for the purpose of nationalism.⁷² When looking at Nigeria, we see the invention of an economic tradition of strong state sponsorship and control, especially with regard to its oil industry. It grew out of a desire to unify the country's economic system largely under state administration and control, instead of allowing informal, differing systems to continue. With regard to the nationalization, we see the fate of BP resembling so many other foreign firms within the country as part of the invented tradition of a nationalist economic policy. Indeed, the attention given to the subject in Nigeria within this project is part of a newly emerging trend of examining economic nationalism.

The study of economic nationalism, like civic and ethnic nationalism emerged out of a need to identify and conceptualize the processes of nationalism witnessed within this increasingly globalized economy. It has entered into discussion because the process of globalization, for better or worse, has altered the existence of nation-states. Thus far,

⁷² Eric Hobsbawm and Terence O. Ranger, eds., *Invention of Tradition* (Cambridge University Press, 1992).

works on this perspective, such as the edited volume *Economic Change and the National Question in Twentieth-Century Europe*, deal with the former Soviet Union and Western Europe; however, most of the ideas are relevant to African countries.⁷³ Two exceptions are a published lecture by Adeoye A. Akinsanya, in which he emphasizes the value in implementing nationalist economic policy and Terisa Turner who mentions in passing that economic nationalism as a policy began at the end of the civil war in 1970.⁷⁴

In Eric Helleiner and Andreas Pickel's recently published work, *Economic Nationalism in a Globalizing World*, they highlight assumptions regarding economic nationalism, which shaped the term's usage within this project. They emphasize that the study of economic nationalism "should focus on how nationalism and national identity shape economic policy and processes..." and how it acts as a "potent force in the contemporary world."⁷⁵ Economic nationalism as used in this project was also fashioned with the definition created by Harry Johnson in the mid-1960s: an economic program designed "to extend property owned by nationals to gratify the taste of nationalism."⁷⁶ He also emphasizes economic nationalism as an ideology to rally a population around a state-sponsored economic vision.⁷⁷ The phrase economic nationalism within this project serves both as a perspective as well as a form of nationalism.

⁷³ Alice Teichova, Herbert Matis, and Jaroslave Patek, eds., *Economic Change and the National Question in Twentieth-Century Europe* (Cambridge: Cambridge University Press, 2000).

⁷⁴ Adeoye A. Akinsanya, *Transnational Corporations and Economic Nationalism in the Third World* (Ilorin: Unilorin Press, 1985); Terisa Turner, "Multinational Corporations and the Instability of the Nigerian State," *Review of African Political Economy* 3, no. 5 (Spring 1976), 68.

⁷⁵ Eric Helleiner and Andreas Pickel, eds., *Economic Nationalism in a Globalizing World* (Ithaca: Cornell University Press), vii.

⁷⁶ Johnson, "Economic Nationalism in New States," 238-9.

⁷⁷ Johnson, "Economic Nationalism in New States," 238.

Economic Nationalism and Nationalization

The federal military leaders in Nigeria during the 1970s brought with them vibrant aspirations, which included unprecedented, aggressive approaches to economic development. They combined the symbols of civic nationalism with the nuanced doctrine of economic nationalism. Until recently, economic nationalism was associated with socialism and the negative characteristics assigned to ethnic nationalism. Contemporary works on nationalism have called for a new definition, with a broadened set of applications. It also addresses the relationship between economy and nationalism more than the forms of nationalism. The policies laid out by Gowon and the combined regime of Muhammed and Obasanjo reveal a great deal not only about their economic visions for Nigeria, but also their views on the oil industry.

Nationalization for most oil-rich developing countries, represented an integral component to the program of economic nationalism. Nationalization in this project refers to the take over of foreign, private operations by state-owned companies or private, indigenous individuals. It is a particularly important area of study because it displays the power of economic policy on the national psyche and represents the largest, most expensive endeavors within the scope of economic nationalism. For this reason, studying nationalizations shows the inner workings of this nationalist program. Indeed, the federal military government in Nigeria faced pressure by indigenous businessmen and members of the civil service for nationalization. While it is a relatively easy task to list the many acts of nationalization in Nigeria that are widely recognized, this project seeks to address on specific case which is part of economic nationalism, but is not recognized as such within the secondary literature.

Within the confines of this project on Nigeria's nationalization of BP in 1979, economic nationalism has provided an informative, clear linkage between economic policy and the fate of BP. By placing economic initiatives at the center, the sweeping trend of nationalization and increasing participation is hard to miss. Further, economic nationalism explains previously unanswered questions about the nationalization of BP. It provides better answers pertaining to why 1979 and why BP than looking at the event within the context of foreign policy ever did. What emerges from this study is the observation that the takeover of BP's operations was part of an established trend within Nigeria of replacing foreign investment and manpower with Nigerian ones.

Chapter 2: Nigeria and British Petroleum

Nigeria maintained a more complicated relationship with British Petroleum than with any other transnational oil company during the 1970s. Their relationship revolved around competing national visions that clashed on some issues and merged on others. But, few would describe the relationship as “tense” because it by no means replicated the situation in other oil-rich developing countries. To Nigeria, BP represented both a friend and an enemy as a company that understood, but at the same time, often resisted Nigeria’s visions of political and economic independence. During the 1970s, their relationship became increasingly uneasy. Accusations from both sides included taking one another for granted and disrespecting legal authority. As a result of this tension, Nigeria’s oil industry not only changed, but also progressed. Indeed, Nigeria joined the top ranking oil-producers in the world during the 1970s. Through the examination of Nigeria’s history and oil industry as well as BP’s role in both, this chapter serves as a point of departure for the discussing of Nigeria’s nationalization of BP in 1979.

Regime Change

Since its forced formation into a British colony in the late 1800s, Nigeria has grappled with economic and political instability. The amalgamation of separate colonies and protectorates into one Nigeria in 1914 represented the unification of hundreds of ethnic groups and sub-groups and the linking of two distinct landscapes. The northern half of Nigeria includes a dry climate and savannah and desert terrain with a spread-out, but relatively small population in comparison to the south. In the southern half, Nigeria’s

landscape includes a humid climate with tropical, dense vegetation. It also contains the majority of Nigeria's major cities and a booming population. Typically, scholars highlight the dominant ethnic groups of Nigeria and the areas of the country in which they dominate as a way of understanding tension within the country. Thus, the predominantly Muslim Hausa reside in the North, or the region between the Republic of Niger and the Niger and Benue Rivers; the Christian/Muslim Yoruba reside in southwestern Nigeria between the south of the Niger River and west of the Niger Delta; and, the predominantly Christian Igbo live primarily in the southeastern region of the country west of the Niger Delta and south of the Benue River (refer to Illustration 1). Much of Nigeria's political instability has been linked to ethnic fracturing and competing ethnic nationalisms all for access to the central government.

After receiving its independence in 1960, Nigeria's First Republic proceeded on shaky ground until the country's first military coup took place in 1966. One year later, Nigeria split apart as the Igbo dominated Eastern Region⁷⁸ declared independence as the Republic of Biafra and launched the country into a three-year civil war. The period under discussion in this project deals with a reunited Nigeria under military leadership, a rapidly expanding oil industry of which Nigeria maintained little control, and the emergence of super-nationalist policies. During the 1970s, Nigeria was ruled by two different military regimes –the first under General Yakubu Gowon (1966-1975) and the

⁷⁸ During colonial rule and the first several years of independence, Nigeria was divided into three political regions, largely demarcated by the Niger and Benue Rivers. The Northern Region was north of the Niger and Benue Rivers; the Western Region was south and west of the Niger River; and, the Eastern Region was east of the Niger River and south of the Benue River. In 1967, Gowon created a fourth region, the Mid-West Region, which was located south and west of the Niger River.

second under General Murtala Muhammed (1975-6) and General Olusegun Obasanjo (1976-1978).

After the war, Gowon launched a program to reintegrate eastern Nigeria and rehabilitate the area, focusing on the three Rs –Reconstruction, Rehabilitation, and Reconciliation.⁷⁹ This was seen as a largely successful operation by Gowon. Emerging from a civil war in 1970, Gowon transformed Nigeria’s foreign policy from one of non-alignment to one of activism. He expanded Nigeria’s membership in the OAU into a leadership role, formally and informally. Nigeria’s geographic size and large population of an estimated 51.6 million in 1960 (with an estimated 2.5 percent increase annually) made Nigeria, in Nigerian eyes, a natural choice to act as the powerhouse behind African politics. The UK hailed Gowon as “not only not corrupt but virtually incorruptible.”⁸⁰ With Nigeria’s economy benefiting from the oil boom of the mid-1970s and the initial success of the Second Development Plan (1970-74), Gowon felt it was the wrong time to transfer Nigeria back to civilian rule. He had promised to return Nigeria to civilian rule by 1972 but continued to delay it. In 1971, he laid out a nine-point program, which listed the major functions required for open elections, which delayed an election until 1976. They included carrying out a census; creating a system for revenue allocation; forming new states; drafting a new constitution; creating national political parties; holding elections at state and federal levels; eradicating corruption; and demobilizing soldiers.⁸¹ In 1974, rumors circulated, and were later confirmed, that Gowon’s intention of returning

⁷⁹ Eghosa E. Osaghae. *Crippled Giant: Nigerian since Independence* (Bloomington: Indian University Press, 1998), 69.

⁸⁰ Memo from Leslie Glass of the British High Commission in Lagos to H. Smedly of the Foreign and Commonwealth Office in London, 21 January 1971, PRO FCO 65/997.

Nigeria to civilian rule would be extended beyond 1976, possibly to 1980. The transfer to a democratically elected government would coincide with the total completion of the Second Development Plan.

Disappointed by Gowon's performance, officers in the military barracks drafted plans for his removal. Nigeria's second military coup in 1975 was carried out by middle ranking northern military officers dissatisfied with Gowon and eager to forge their own political path and take their share of the power and wealth. Many considered the overlap of this coup with the anniversary of the one in 1966 as intentional. British observers remarked that the coup was carried out by military personnel, such as Major General Joseph Garba, without a clear plan on to whom national leadership would be bestowed.⁸² On 29 July 1975, Garba announced over the radio the removal of Gowon:

Fellow countrymen and women, I Colonel Joseph Nauven Garba, in consultation with my colleagues, do hereby declare that in view of what has been happening in our country in the past few months the Nigerian armed forces have decided to effect a change of the leadership of the federal military government. As from now General Yakubu Gowon ceases to be the head of the federal military government and commander in chief of the armed forces in Nigeria.⁸³

Speculation spread that Gowon had prior knowledge of the coup because when it happened he was in Kampala, Uganda at an OAU Summit, his family was in England,

⁸¹ Osaghae, *Crippled Giant*, 70.

⁸² This idea was suggested in "Coups," memo within Foreign and Commonwealth Office, 30 July 1975, PRO FCO 65/1667, 1 and a profile of Garba in "Joseph N. Garba," description by Foreign and Commonwealth Office, 29 July 1975, PRO FCO 65/1667. At the time, his military ranking was colonel.

⁸³ Announcement by Garba over the radio quoted in a memo circulated within Foreign and Commonwealth Office, 29 July 1975, PRO FCO 65/1667.

and several of his senior officials were out of the country. Gowon publicly announced his acceptance of the new regime and commitment to assisting the new leadership.⁸⁴

To take Gowon's place as supreme military commander was not Garba, but Murtala Muhammed, a former federal commissioner of communications. The Foreign and Commonwealth Office of the UK described Muhammed as,

a tough Hausa from the north who played a leading role in the coup, which brought Gowon to power in 1966, but disagreed with his policy of minimising bloodshed during the civil war and had not enjoyed good relations with him since.⁸⁵

They also described Muhammed as "erratic, intemperate, and not well disposed. He also has the reputation of being one of the most corrupt army officers."⁸⁶ An appraisal of his policies within the secondary literature supports this description; however, in Nigerian popular culture he is remembered fondly.⁸⁷ Muhammed's economic plans in many ways marked a radical departure from Gowon's.

Muhammed's regime lasted from July 1975 to February 1976. All of the military governors and administrators were dismissed from their posts and returned to the barracks, to be replaced by those chosen by Muhammed. In addition to reshuffling the Supreme Military Council, Muhammed also created the new, separate National Council of States. Among others, Major General Muhammed Buhari became military governor of

⁸⁴ "Nigeria: Recognition," memo within Foreign and Commonwealth Office, 31 July 1975, PRO FCO 65/1667. After the coup, Gowon joined his family in London and received an advanced degree in political science from the University of Warwick, the site of BP's archives.

⁸⁵ "Nigeria," memo within Foreign and Commonwealth Office, 31 July 1975, PRO FCO 65/1667.

⁸⁶ "Coups," memo within Foreign and Commonwealth Office, 30 July 1975, PRO FCO 65/1667, 2.

⁸⁷ His premature death by assassination in 1976 has made him a hero within Nigerian political memory, which explains why the international airport in Lagos bears his name.

the North Eastern State.⁸⁸ The new supreme military council under Muhammed created advisory panels to discuss the formation of new states and a federal capital territory, Abuja, in the middle of the country to replace Lagos. Their first order of business also included the canceling of the 1973 proposed census and the postponement of the planned arts festival, FESTAC.⁸⁹ Further, Muhammed implemented Nigeria's Third Development Plan from 1976 to 1980, which focused on improving upon the previous plan for indigenization and greater participation in the oil industry. This regime also went on an anti-corruption quest. From the moment of Muhammed's arrival, plans had been set in place for the country's return to civilian rule in five years. In February of 1976, Muhammed was assassinated in an abortive coup, leaving the regime to Obasanjo, the former chief of staff and deputy to Muhammed.

Obasanjo took control of the supreme military council during the remainder of the same regime from February 1976 to October 1979. He maintained the same development path, government administration, and commitment to transitioning Nigeria to civilian rule. Despite this continuity, the UK viewed him differently than Muhammed. The Foreign and Commonwealth Office described Obasanjo as having a "good reputation as an efficient officer with a non-tribal approach. His attitudes have been generally pro-British."⁹⁰ It also described him as an honest person, disciplinarian, non-smoker, and teetotaler.⁹¹ Starting on 24 July, all nineteen military governors were sent back to their

⁸⁸ For a complete list of new posts, see memo within Foreign and Commonwealth Office, 31 July 1975, PRO FCO 65/1667, 1-2.

⁸⁹ Memo within British Foreign and Commonwealth Office, 31 July 1975, PRO FCO 65/1667, 2.

⁹⁰ "Coup," memo within Foreign and Commonwealth Office, 30 July 1975, PRO FCO 65/1667, 2.

⁹¹ "Obasanjo, Brigadier Olusegun," description by Foreign and Commonwealth Office, 29 July 1975, PRO FCO 65/1667.

military posts and replaced by other military men labeled as ‘administrators.’ Additionally, four federal commissioners were also integrated into the army or assigned to other posts. This group included Buhari, who served as the petroleum commissioner since March 1976 and became the chairman of the state-owned oil company in 1978.⁹² For the marketing company, BP (Nigeria), Buhari’s dismissal was a major disappointment because it felt he understood the oil industry the best. They went on to describe him as “an excellent man, straightforward and honest, who could hold his own....”⁹³ However, it was Obasanjo that took the most aggressive economic measures during the last year of the Muhammed/Obasanjo regime. Under Obasanjo, Nigeria’s national oil company increased its participation to 60 percent within each foreign oil producer and BP was nationalized.

Obasanjo, however, earned a great deal of international respect for executing the promise of civilian rule in four years that had been announced by Muhammed on 1 October 1975. On 21 September 1978, Obasanjo signed Decree No. 25, placing a new constitution into effect starting 1 October 1979. In early October 1978, the federal military government introduced the Constitution Drafting Committee. The membership included lawyers, professors, businessmen from the private sector, and local government officials.⁹⁴ Obasanjo maintained a ban on politics during the writing of the constitution. In October 1979 national elections took place, installing Alhaji Shehu Usman Aliyu Shagari as president of the Second Republic. Prior to this position, Shagari served as the

⁹² “Government Changes,” memo from Shell (London) to BP London, 17 July 1978, BP 4821, 1; Economist Intelligence Unit (EIU), *Quarterly Economic Review – Nigeria*, 4th Quarter (London: EIU, 1978), 15.

⁹³ “Government Changes,” memo from Shell (London) to BP (London), 17 July 1978, BP 4821, 2.

minister of economic affairs. Overall, the Muhammed/Obasanjo regime received praise for moving Nigeria forward economically, attempting to shelf ethnic-based nationalism, and for its commitment to returning Nigeria to civilian rule.

The history of Nigeria during the 1970s is one of political and economic uncertainty. A failed democracy and two military coups tested the faith of those hoping for a smooth transition from colonial rule. This political upheaval did not go unnoticed within the international community. Nigeria's burgeoning oil industry played a major role. Much of Nigeria's history –particularly regarding foreign and economic policy– hinged on the oil industry. Not only did oil become the cornerstone of Nigeria's economy, but also an obstinate linkage between Nigeria and its former colonizer.

⁹⁴ Toyin Falola and Julius Ihonvbere, *The Rise and Fall of the Second Republic, 1979-84* (London: Zed Books, 1985), 23, 27.



Illustration 2: Map of Oil Production in Nigeria, 1970s⁹⁵

⁹⁵ Map by Sam Saverance of Saverance Publishing Services (2007).

The Oil Industry

Nigeria's oil industry developed rather slowly over a span of some fifty years, but once established it expanded into the country's largest source of revenue. What began as a series of failed exploration ventures along the southern coast of Nigeria, turned into a profitable oil production and marketing business. Much of Nigeria's oil history overlaps with its colonial history and, similarly, with its struggle to break away from its former colonizer after receiving independence.

As a British territory from the mid-1800s to 1960, only British oil companies received exploration concessions in Nigeria. And, petroleum consumption among Nigerians, for reasons of financial constraints and as a method of colonial social control, remained limited. Thus, it was understood since the early 1900s that any oil found in the colony was destined for British consumption and trade. Oil exploration in Nigeria started as early as 1901 by two London-based companies (the British Colonial Petroleum Company and the Nigerian Bitumen Corporation) operating in conjunction with British colonial expansion.⁹⁶ Both companies surveyed southern Nigeria in search of crude oil and only came across small pockets of bitumen, which local communities used since pre-colonial times.⁹⁷ Local communities collected bitumen that seeped to the surface and used it to waterproof their fishing boats.⁹⁸ In fact, one village in the bitumen-rich region

⁹⁶ Several works, including my own previous writings, have stated that the Nigerian Bitumen Corporation was a German company that first discovered bitumen deposits in Nigeria. This company was actually London-based and registered in London. It had a chairman of German descent who also served as the director of a German petroleum company, while all other directors and offices were of British origin. "Nigerian Bitumen Corporation," PRO, BT 31/11292/86377; "Southern Nigeria," PRO, MPG 1/1202/1.

⁹⁷ Bitumen is semi-solid hydrocarbons grouped together in the subsoil and can be extracted and refined into petroleum products such as asphalt and fuel oils. The term generally refers to heavy crude oil.

⁹⁸ Sola Akinuli, "Ondo State is Eager," *Sunday Sketch* [Ibadan] (20 December 1992), 11.

near the town of Ondo, was named Gbeleju Loda, meaning “the town of tar.”⁹⁹ Bitumen, particularly in the early 1900s, was not a desirable type of crude oil for export because it was difficult to extract and refine into marketable petroleum products. By 1916, both exploration companies folded and exploration efforts in Nigeria ceased for several decades. While not a major producer of oil yet, the British colony of Nigeria proved itself to be an important consumer of petroleum products.

The consumption of petroleum products in Nigeria was limited largely to the colonial administration and the relevant components of colonial infrastructure, such as railroads, automobiles, public transport buses, railroads. Many of the major transnational companies operating in Nigeria today began their activities by setting up petrol stations and distributions networks throughout Nigeria in the mid-1900s. For example, the US-based marketing company, Mobil, appears to have arrived to Nigeria in 1907 as Sacony-Vacuum and BP’s marketing subsidiary BP (West Africa) began its sales activities in the early 1900s. Texaco, another US-based company, began marketing its petroleum products through the *Companie Francaise de L’Afrique Occidentale* in Nigeria in 1913. In 1964, Texaco took over the distribution of its own products through Texaco (Africa).¹⁰⁰ The Netherlands/UK-based Royal Dutch/Shell (hereafter referred to as Shell) began selling its petroleum products in 1927. Several other major oil companies followed BP, Mobil, and Texaco —the Italian company Agip (1962), US-based Esso (1956), and the French company Elf (1983) also distributed and sold petroleum products in Nigeria.¹⁰¹ Prior to

⁹⁹ Yomi Sheba and Kayode Ogunbunmi, “A Goldmine Lies Buried in Ondo Bitumen,” *Guardian* [Lagos] (2 February 1997), A11.

¹⁰⁰ “78 Years of Texaco in Nigeria,” *Guardian* [Lagos] (6 November 1991), 12.

¹⁰¹ “Nigeria Can Run Refineries Efficiently, Says Abba Gana,” *Guardian* [Lagos] (7 April 1997), 32.

1965, when the first refinery was built, the marketing companies imported petroleum products into the country.

These companies established extensive marketing networks totaling over one hundred petrol stations spread throughout the country. The sale and consumption of petroleum products in Nigeria largely resembled the geographic layout of the colonial infrastructure, with most petrol stations and kerosene depots restricted to southern Nigeria. Large areas of Nigeria such as the northern region did not have many petrol stations because the major oil companies did not see those markets as profitable given the small population, distance from coastal refineries, and the difficulties of transportation. The discovery of commercial quantities in Nigeria coupled with Nigerian independence significantly changed petroleum consumption patterns.

Since the initial “discoveries”¹⁰² in the early 1900s, several other attempts had been made and, ultimately, resulted in the establishment of a major oil industry. Royal Dutch/Shell and BP’s predecessor, D’Arcy Exploration, formed a joint-venture company, Shell-D’Arcy Exploration Company in 1937. One year later, the company received the first concession in Nigeria. Shell-D’Arcy struck oil in the delta of the Niger River

¹⁰² The quotation marks emphasize the false use of the word “discovery”. Nigerians knew the location of oil and its uses for centuries; thus, we can not consider transnational oil companies in the 20th century as the discoverers. We can, however, attribute the discovery of commercial quantities of oil deep below the earth’s surface to them.

(referred to as the Niger Delta) in the southeast in 1956.¹⁰³ The company shipped the colony's first commercial quantity of crude oil on 17 February 1958. Coinciding with the first major strike and the launching of Nigeria's oil industry, Shell-D'Arcy changed its name to Shell-BP Petroleum Company. For several years, Shell-BP held the distinction of being the sole oil producer in Nigeria. Shell-BP produced the largest percentage of Nigeria's oil, producing roughly 443,000 barrels per day (bbl/d) from its 18 fields located in the Eastern Region and Mid-West Region, north of Port Harcourt (refer to Illustration 2).¹⁰⁴ Between 1958 and 1961, Shell-BP expanded Nigeria's yearly crude oil output from about 1.9 million bbl to 16.6 million bbl.¹⁰⁵ With the end of British colonial rule, Shell-BP's privileged position came to an end.

After Nigeria became independent, it invited several other major oil companies from the United States and Europe to conduct exploration parties. Between 1960 and 1967, oil companies branched out from the Niger Delta in search of oil, sending survey expeditions northeast of the Niger Delta all the way to Lake Chad. They also expanded their search efforts westward across the Niger River along the Nigerian coast. The wholly-owned French state company, SAFRAP established a subsidiary in Nigeria and

¹⁰³ "Messrs. D'Arcy, Exploration Co. Ltd. -Issue of a License to Explore for Oil," NAI CSO 26/1 C/L. 27/22; "Anglo-Saxon Petroleum Co. Ltd., Oil Prospecting," 7 August 1937, NAI Ondo Prof. 1/1 File No. 679; "Oil Exploration License," 4 November 1938, NAI Ondo Prof. 1/1 File No. 679, 1-9; "Shell-D'Arcy Petroleum Development Company of Nigeria Ltd., 1951-55," NAI Mak. Prof/1 4898; "Shell-D'Arcy Exploration," NAI BP 1849 vol. 2; "Shell-D'Arcy Exploration," NAI BP 1960 vol. I. A special thanks to Saheed Aderinto for his crucial assistance in collecting materials at the National Archives at Ibadan during my research trips between 2004 and 2005. For a rough detail on its holdings, see Simon Heap, "Nigerian National Archives, Ibadan: An Introduction for Users and a Summary of Holdings," *History in Africa* 18 (1991): 159-72.

¹⁰⁴ BP Company (BP), *Annual Report and Accounts 1967* (London: BP Company, 1968), 26, 30.

¹⁰⁵ BP, *Annual Report and Accounts*, 1958 (London: The Company), 28; BP, *Annual Report and Accounts*, 1961 (London: The Company), 24.

struck oil north of Shell-BP's concessions and began small-scale production in 1966.¹⁰⁶ However, SAFRAP's yearly production mirrored only a small fraction of Shell-BP's. For France, SAFRAP's production in Nigeria provided roughly 3 percent of its crude oil between 1966 and 1970.¹⁰⁷ The US-based oil company, Gulf Oil, began exploration in Nigeria in December 1963 in the Eastern and Mid-West Regions. The company is credited with being the first company to begin production offshore.¹⁰⁸ Its production level reached 57,000 bbl/d by June 1967, primarily from the Mid-Western Region.¹⁰⁹ Nearly all production in Nigeria was confined to onshore locations and all crude oil produced moved through pipelines to Nigeria's only refinery in Port Harcourt or the Bonny terminal for export.¹¹⁰ Oil from the Eastern Region accounted for 65 percent of total production in the 1960s.¹¹¹ Several other companies held prospecting licenses, but had yet to strike oil and begin production before Nigeria was engulfed in civil war from 1967 to 1970.

During the civil war, Nigeria's crude oil production slowed to a virtual standstill. As the war escalated in Biafra, Shell-BP ceased production from its wells in the Mid-West in November 1969 because of the air attacks.¹¹² The Port Harcourt refinery closed

¹⁰⁶ SAFRAP formed in May 1962 and began prospecting/drilling in 1963. A discovery of commercial quantities was made in 1964 and the production of 40,000 bbl/d began in September 1966. SAFRAP became Elf in 1974. M.O. Fatayi-Williams, "The Elf Group as President Ibrahim Badamasi Babangida Visits France," *Daily Times* [Lagos] (24 February 1990), 17.

¹⁰⁷ Congressional Research Service, *A Study of the Relationships between the Government and the Petroleum Industry in Selected Foreign Countries: France* (Washington, DC: U.S. Government Printing Office, 1975), 1.

¹⁰⁸ Kenneth Omeje, *High Stakes and Stakeholders: Oil Conflict and Security in Nigeria* (Burlington, VT: Ashgate Publishing, 2005), 122.

¹⁰⁹ EIU, *Quarterly Economic Review –Nigeria*, 4th Quarter (London: EIU, 1978), 11.

¹¹⁰ "Nigerian Oil," 5 March 1965, PRO FCO 54/49.

¹¹¹ S. Gray, "Nigerian Oil –Recent Developments," 5 April 1967, PRO FCO 54/47.

¹¹² EIU, *Quarterly Economic Review –Nigeria*, No. 1 (London: EIU, 1970), 13.

on 4 August 1967 and did not resume operations until May 1970 due to damages.¹¹³ In July of 1968, Gulf was the only producer able to remain in operation.¹¹⁴ After the fall of Port Harcourt to the federal military in May 1968, Biafra began to use make-shift refineries to provide fuel for their vehicles.¹¹⁵ SAFRAP attempted to keep production in the Eastern Region open, but found the situation nearly impossible forcing them to abandon their operations during the war as well. During the war, production dropped to as low as 51.9 million barrels in 1968.¹¹⁶ Oil facilities, intentionally or not, were severely damaged during the war. The damages included portions of the Port Harcourt refinery. Shell-BP also reported that a storage tanker caught on fire and a couple oilfields were burning.¹¹⁷ In total, estimated damages by 1968 to Shell-BP's facilities were estimated to be £20 million.¹¹⁸ The refinery at Port Harcourt took nearly one year to repair and resumed operations in the summer of 1970.¹¹⁹ With the Eastern Region under siege, oil companies explored new production options. Scholars attribute the war to the expansion of oil production and transport within the Mid-West Region.

With the close of the civil war and up-dated oil technology, Nigeria's industry expanded. Several transnational oil companies joined Shell-BP, SAFRAP, and Gulf in the

¹¹³“Nigerian Petroleum Refining Co. Ltd. –Valuation of Business to Establish Prices to Be Paid for Shares which Government Wish to Acquire,” memo from BP (London) to Nigerian Ministry of Mines and Power, 5 May 1971, PRO FCO 38/321, 1.

¹¹⁴ Memo from L.F.P. L' Strange to V. E. Davies, 2 August 1968, PRO FCO 38/321, 2.

¹¹⁵ Ntieyong U. Akpan, *The Struggle for Secession, 1966-1970: A Personal Account of the Civil War* (London: F. Cass, 1972), 109.

¹¹⁶ Central Intelligence Agency, “Nigeria: The War's Economic Legacy, Intelligence Memorandum,” (Washington, DC: Central Intelligence Agency, May 1971), 10.

¹¹⁷ Memo from L.F.P. L' Strange to V. E. Davies, 2 August 1968, PRO FCO 38/321, 1-3 and memo from British High Commissioner (Lagos) to British Foreign and Commonwealth Office, 21 May 1968, PRO FCO 38/321.

¹¹⁸ Memo from V.E. Davies to L. Moberly, 27 September 1968, PRO FCO 38/321.

¹¹⁹ EIU, *Quarterly Economic Review –Nigeria*, no. 2 (London: EIU, 1970), 13.

production of crude oil. For example, Mobil Producing (Nigeria) began offshore prospecting in 1961 and made its first discovery in 1964. Mobil began production offshore in February 1970.¹²⁰ Agip received a prospecting license in 1962, but did not strike oil until 1 March 1965 or start production until October 1970.¹²¹ Gulf oil made its first discovery and began production from its onshore fields in 1972.¹²² Texaco began exploration in Nigeria in 1963, but did not start its offshore production until the early 1970s.¹²³ Illustration 2 shows the location of these concessions. After recovery from the civil war, production levels soared. Shell-BP produced 752,000 bbl/d, Gulf 225,000 bbl/d, Mobil 52,000 bbl/d, and Texaco 8,600 bbl/d.¹²⁴ Together, these companies launched Nigeria into the ranking of tenth largest producer in the world in 1970 (see Table 1).¹²⁵ During the 1970s, Nigeria's crude oil supplied between 7 and 12 percent of the UK's total annual consumption, around 30 percent of the US's, and 15 percent of the Netherlands.¹²⁶

¹²⁰ Omeje, *High Stakes and Stakeholders*, 102-3; EIU, *Quarterly Economic Review –Nigeria*, no. 3 (London: EIU, 1971), 12-13; “Mobil is to Embark on Crude Oil Production,” *Morning Post* (8 November 1968);

¹²¹ “Nigerian Agip Oil Company Training Centre,” *Nigerian Chronicle* [Calabar] (28 September 1974), 7; Nigerian Agip Oil Company, *A History of Nigeria Oil* (Lagos: Nigerian Agip Oil Company, 1979).

¹²² Omeje, *High Stakes and Stakeholders*, 123.

¹²³ Ibid.

¹²⁴ “Oil,” memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 7 April 1970, PRO FCO 67/403; Lagos Chamber of Commerce and Industry, “Provisional Oil Industry Statistics –June 1970,” 9 July 1970, PRO FCO 67/403.

¹²⁵ Federal Military Government of Nigeria, “Press Release: Nigeria is Admitted to OPEC,” 13 July 1971, PRO FCO 67/581.

¹²⁶ “Possible Major Nigerian Reactions,” memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 4 November 1971, PRO FCO 36/793, 3; “United States is Largest Importer of Nigeria's Oil,” in Embassy of Nigeria, *Federal Nigeria* 1, no. 1 (Washington, DC: Embassy of Nigeria, 1976), 12.

<u>Year</u>	<u>Production (bbl/yr)</u>	<u>Export (bbl/yr)</u>
1966	152,428,168	139,549,000
1967	116,553,292	109,274,902
1968	51,907,304	52,129,855
1969	197,204,486	197,245,641
1970	395,835,689	383,455,353
1971	558,678,882	542,545,131
1972	643,206,685	650,979,689
1973	750,593,415	723,313,837
1974	823,317,838	795,710,044
1975	651,506,761	627,638,983
1976	758,058,380	736,822,998
1978	692,269,121	667,387,067
1979	842,474,109	813,726,843

Table 1: Nigeria's Oil Production and Exports¹²⁷

<u>Year</u>	<u>Estimated Reserves (in bbl)</u>
1965	3 million
1970	9.3 million
1975	20 million
1980	16.7 million

Table 2: Nigeria's Oil Reserves

With several companies operating in Nigeria at one time, the pressure to watch over and protect of Nigeria's upstream interests became a major challenge to successive Nigerian governments. Nigeria wrangled with the importance of not only developing a diverse economy, but also meeting the rising levels of consumption associated with industrial development. To facilitate these needs, Nigeria passed several decrees that dramatically altered Nigeria's oil industry, notably the Petroleum Decree (Act) No. 51

¹²⁷ EIU, *Quarterly Economic Review: Nigeria* (London: EIU, various years); BP, *BP Annual Report and Accounts* (London: The Company, various years); and Central Bank of Nigeria, *Annual Report and Statement of Accounts* (December 1980), various years.

(1969), Decree No. 18 (1971), and Decree No. 33 (1977). These decrees were integral for clearing out-dated colonial laws regarding land rights, taxation, and concessions. Also, they reflected Nigeria's interest in following the principles laid out by the Organization of Petroleum Exporting Countries (OPEC), which called for the establishment of a state-owned oil company to oversee and participate in each member country's oil industry.

The first, the Petroleum Decree (Act) No. 51, was written on 27 November of 1969 for the express purpose of amending the Colonial Mineral Ordinance of 1914. It was the outcome of the Federal Executive Council's report on oil taxation, revenue, and other various matters related to Nigeria's oil interests drafted for Gowon. It placed ownership and control over all oil found in Nigerian subsoil and within its territorial waters. And, the decree separated exploration licenses granted to oil companies from prospecting licenses and mining licenses. For existing licenses and leases, the decree applied with several exceptions –duration, rent, and royalties in contracts would remain.¹²⁸ It ensured that if oil was discovered by a company in Nigeria, it could no longer automatically claim the rights to extract and sell it. Obtaining a license required approval by the commissioner for mines and power, who, in turn, would only grant them to companies registered in Nigeria. Under this rule, the major oil companies were forced to reconfigure their relationship to their parent companies.¹²⁹ Through these provisions, the federal military government was able to increase its control for present and future endeavors.

¹²⁸ EIU, *Quarterly Economic Review –Nigeria*, no. 2 (Lagos: EIU, 1970), 11.

¹²⁹ Onoh, *The Nigerian Oil Economy*, 19-22.

The second and third decrees mark the formations of Nigeria's national oil companies, which focused not only on regulating its industry, but also, with regard to the state-owned oil company, working with major oil companies through joint ventures. The idea of creating a state company emerged when Nigeria aspired to comply with OPEC Resolution XVI Article 90 of June 1968, which called for all members to hold a 51 percent equity share of all foreign oil companies operating in Nigeria.¹³⁰ Although Nigeria did not join OPEC until the summer of 1971, it gravitated toward the organization's membership criteria. The first step included the second decree under discussion, Decree No. 18, which created the Nigerian National Oil Corporation (NNOC) as a holding company (not operating company) in 1971. Its role included recruiting and training Nigerian workers for the industry; managing oil leases and the refineries; overseeing the construction and maintenance of oil and gas pipelines; and facilitating more effective and expansive distribution networks for Nigeria's domestic consumption of petroleum products.¹³¹ Most importantly, the NNOC oversaw several subsidiaries to cover every stage of the industry process.

One of the NNOC's notable actions included taking shares in the production activities of the foreign oil companies. In April 1971, Nigeria acquired a 33.3 percent share in Agip's upstream operations in Nigeria and 35 percent of SAFRAP's upstream operations in Nigeria.¹³² These moves marked the first attempt by Nigeria at *equity*

¹³⁰ Onoh, *The Nigerian Oil Economy*, 30-34.

¹³¹ In February 1972, for example, the NNOC granted for the first time an off-shore exploration concession to a wholly-owned Nigerian company, Henry Stephens and Sons Limited, which was a known exporter of Nigerian produce and importer of building materials. Memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 18 February 1972, PRO FCO 65/1226.

¹³² Kayode Sote, *Beyond the Crude Oil and Gas Reserves* (Lagos: Lubservices Associates, 1993), 40.

participation, meaning that Nigeria owned shares, or equity, in a company, but did not directly involve itself in the everyday activities. While OPEC inspired Nigeria to increase its participation, Nigeria chose the middle-road approach as its starting point between Libya's call for 51 percent and the Persian Gulf states' 20 percent.¹³³ As the 1970s progressed, Nigeria pressed beyond merely equity participation and owning a holding company toward direct involvement, which is referred to in the literature as *direct participation*.

The formation of the Nigerian National Petroleum Corporation (NNPC) occurred on 1 April 1977 through the provisions of the final decree under review —Decree No. 33. Essentially the NNOC and the Ministry of Petroleum Resources (MPR) merged into one company, taking all of the subsidiary companies under NNPC control. Scholars view the shift to the NNPC as an attempt to move “beyond the collection of oil rents by operating in the industry directly” and promoting the role of indigenous participation.¹³⁴ The NNPC was an operating company and as such exercised the power to conduct research on oil and invest in new oil-related activities. Instead of taking equity participation in a foreign company's operations, it became a full, but silent partner through joint-ventures. But, like many other government institutions, it suffered from a lack of support and basic infrastructure to make the company truly effective. In a memo, BP (Nigeria) complained of the NNPC's shortcomings:

More than 4 months after its formation, and more than a month after all former employees of NNOC/MPR had to indicate whether or not they wished to stay with the new corporation, there are no signs yet that the

¹³³ G.B. Chalmers, “Nigerian Oil,” 24 January 1972, PRO FCO 65/1226, 2.

¹³⁴ Obi and Soremekun, “Oil and the Nigerian State,” 8.

corporation is settling down to seriously and comprehensively tackling the many problems.... There are no indications yet that the massive recruitment drive for Nigerian and expatriate staff is being actively pursued. There is very little effort visible in actually restructuring the organisation in line with the original decree. The same person in the same scrappy old office with the same problems in the same completely inefficient manner.¹³⁵

Both the formation of the NNOC and its reconfiguration into the NNPC represented pieces of large-scale economic development plans to jumpstart Nigeria's economy. Together these decrees bolstered nationalist support for its leadership and took advantage of the oil revenues during the oil boom years. As implied in the quote above, the formation of the NNPC proved no exception, however, to the reoccurring flaws of Nigeria's economic plans. In addition to taking part in the upstream activities, the Nigerian government also became interested in the downstream.

Nigeria sought to expand the existing downstream sector into a more extensive network of pipelines, trading ports, refineries, and distribution depots than before held. Of these efforts, Nigeria devoted the most energy to increasing its refining and export capabilities. In the 1970s, Nigeria strove to increase its refining capacity and by the early 1980s, Nigeria had four refineries in operation. The first refinery was built at Alesa-Elеме near Port Harcourt by Shell-BP in October of 1965.¹³⁶ The refinery was operated by the Nigerian Petroleum Refinery Corporation (NPRC), which was comprised of Nigeria held 50 percent equity in the refinery since 1965, with Shell and BP (London) holding 25 percent each and acted as a consortium in the NPRC until 1972. Its primary

¹³⁵ Memo from Shell (London) to BP (London), 9 August 1977, BP 4821, 1.

function was to reduce the amount of petroleum imports into Nigeria and, instead, refine light crude oil produced from nearby oil fields in the Niger Delta.¹³⁷ After the civil war, it refined at full capacity (38,000 bbl/d) in May 1970.¹³⁸ In 1972, Nigeria increased its stake in the company to 60 percent in compliance with the Nigerian Enterprise Promotions Decree (see Chapter 3). The refinery employed approximately 400 people, of which 30 were expatriates.¹³⁹ Despite this change, BP (London) remained the primary manager of the refinery.¹⁴⁰ In 1978, a second refinery in Warri was commissioned.¹⁴¹ In the 1980s, Nigeria added two refineries with one located in Kaduna in northern Nigeria and a second one in Port Harcourt. Nigeria used these refineries as a way to involve itself in Nigeria's industry and ensure that a sizable quantity of petroleum products refined remained within the country for domestic consumption.

Nigeria also expanded its trading capabilities by encouraging the major oil companies to increase the number of export terminals and ports available. As each major oil company struck oil and began commercial production, a new port was established to handle the outflow of trade. Most ports were constructed in the 1960s. Bonny was commissioned in April 1961 and Escravos, Forcados, Pennington, and Qua Iboe were commissioned in 1968. In the case of Forcados, the civil war delayed construction until

¹³⁶ This refinery is generally referred to as the Port Harcourt refinery until a second was built in Port Harcourt in the 1980s. The contract to build the refinery was signed on 25 July 1962. Information and Public Relations Service (IPRS), "The Nigerian Petroleum Refining Company Limited," (1972), 1-3.

¹³⁷ "Performance of the Oil Companies in Nigeria," *Business Times* [Lagos] (4 July 1978), 11.

¹³⁸ IPRS, "The Nigerian Petroleum Refining Company," 1.

¹³⁹ IPRS, "The Nigerian Petroleum Refining Company," 4.

¹⁴⁰ IPRS, "The Nigerian Petroleum Refining Company," 3.

¹⁴¹ Jibril Aminu, "Nigeria and the World of Oil," in *Nigerian Petroleum Business: A Handbook*, ed. Victor E. Eromosele (Lagos: Advent Communications Limited, 1997), 33.

March 1970.¹⁴² The Brass terminal, located 17 miles off shore was constructed as part of an oil development project undertaken by the NNOC and Agip/Phillips, through a consortium in 1974.¹⁴³ Each of the major companies operating in Nigeria used designated ports from which they loaded their tankers based on proximity. As evident in Illustration 2, Agip used Brass, Agip/Phillips used Bonny, Gulf used Escravos, Shell-BP used Bonny and Forcados, Mobil used Qua Iboe, and Texaco used Pennington. Loading and discharging of crude oil was a slow process, which necessitated multiple ports along Nigeria's southern coast.

Ship congestion at the ports and infrastructural weaknesses made loading and unloading a slow and often disorganized process. This situation became a major issue leading up to the nationalization of BP in 1979, meriting it some discussion. The majority of Nigeria's oil trading was done by Shell and BP because Nigeria lacked the shipping capabilities to transport its own oil, especially long distances. Only in 1976, did Nigeria launch its own small-scale tanker business through the purchase of the *Oloibiri* tanker from Yugoslavia. The primary route of the tanker included shuttling Nigeria's crude oil from Forcados to Curaçao, in the West Indies, for refining.¹⁴⁴ Thus, Nigeria heavily depended on transnational oil companies to construct and operate its overseas oil trade. For efficiency, these companies simply plugged Nigeria into their global trading networks and shipping routes. Nigeria, then, represented one stop in an oil tanker's typically

¹⁴² "A New £15 Million Oil Terminal at Forcados," *Dail Times* [Lagos] (7 March 1970), 9; "Chevron Nigeria Restarts Escravos Terminal Operations," *The News* [Lagos] (28 April 2003), 53.

¹⁴³ EIU, *Quarterly Economic Review –Nigeria*, no. 2 (London: EIU, 1974), 11; "Nigerian Agip Oil Company Training Centre," *Nigerian Chronicle* [Calabar] (28 September 1974), 7.

¹⁴⁴ Federal Ministry of Information, "News Press Release –Nigeria Launches into Oil Tanker Business," 21 July 1976, 1-3; Federal Ministry of Information, "News Press Release –Brigadier Yar 'Adua Goes on Board Nigeria's First Oil Tanker," 1 November 1976, 1-2.

clockwise journey around the continent of Africa en route from the Middle East or Asia to Europe or the Americas. Chapter 2 looks at one such tanker, *Kulu*, which loaded crude oil in Iran and traveled down the east coast of Africa to Durban, South Africa. The tanker then traveled northward to Nigeria before heading to various points in Europe. The entire trip took roughly one year, depending on congestion at the ports and maintenance requirements. An oil company designed a port's capacity to suit its own needs, which meant that only a few oil tankers at one time could call at one of Nigeria's ports. Overall, it took an estimated forty hours for the arrival, loading, and clearance.¹⁴⁵ The movement of oil tankers such as *Kulu* is important to the nationalization of BP since some of Nigeria's dealings with BP leading up to the takeover involved disputes over tankers leaving or destined for South Africa on their way to or from Nigeria.

In looking at Nigeria's oil history from the start of production through the 1970s, the role of BP is hard to miss. The company played a tremendous role in building up Nigeria's industry from small-scale, domestic use within the Niger Delta. Even today, BP participates in several aspects of Nigeria's oil and natural gas industry. Nigeria and BP's relationship has been a complicated one, with characteristics bearing little resemblance to others of its kind. In large part, this stems from not only BP's partnership with Nigeria over the years, but also the company's relationship Royal Dutch/Shell and the UK.

¹⁴⁵ "Kulu," memo from Shell (London) to BP (London), 5 May 1979, BP 4822, 1.

British Petroleum

The history of this London-based oil company began like many others with a bold individual seeking fortune and adventure through oil. Within a twenty-year span, a personal quest became that of one of the world's largest transnational oil companies. In 1901 William D'Arcy, a British entrepreneur and adventurer, went to Persia (present-day Iran) in search of oil fields. Upon discovery of large commercial quantities of oil, D'Arcy formed the Anglo-Persian Oil Company in 1909. These oil fields represented D'Arcy's primary production center.¹⁴⁶

The famous Winston Churchill, a member of the War Council of Great Britain at the time, set his sights on D'Arcy's activities in the Middle East with hopes of securing oil supplies for the British Royal Navy.¹⁴⁷ In this way, BP's history differs from other oil companies in the development of its relationship with the UK. In 1914, Churchill bought half of the company on behalf of the British government, making BP no longer a privately owned, independently operated company. The British government held a 40 to 60 percent share in BP throughout the second half of the 20th century. For this reason, Nigeria saw BP as a "mere creature" of the British government.¹⁴⁸ As a shareholder, the British government had a right to nominate two people to the BP Board and held the authority to veto some company decisions. Through a letter written by John Bradbury (referred to as the Bradbury Letter) in 1914, the British government highlighted that while it had the right to veto decisions made by the company, it would not exercise that

¹⁴⁶ Bamberg, *British Petroleum and Global Oil*, 173.

¹⁴⁷ G. Gareth Jones, "The British Government and the Oil Companies 1912-1924: The Search for an Oil Policy," *Historical Journal* 20, no. 3 (1977), 660.

right unless absolutely necessary.¹⁴⁹ In this letter, the government outlined the circumstances in which it would use its veto power: activities that may affect foreign naval or military policy; the proposed sale of the company's activities or change company status; any new exploration/exploitation endeavors; and, "the sale of crude or fuel oil to foreigners... as might endanger the due fulfillment of current Admiralty contracts."¹⁵⁰ The government, however, gave the company a great deal of autonomy and rarely interfered.

With government backing financially and politically, D'Arcy felt free to expand his oil interests beyond Persia. During the first half of the 20th century, D'Arcy participated in a series of oil expeditions to other parts of the Middle East, Asia, and Africa alone or through a joint venture with rival oil companies such as Royal Dutch/Shell. In 1935, the Anglo-Persian Oil Company changed its name to Anglo-Iranian Oil Company to reflect the name change of the country. What D'Arcy failed to realize was that the name change represented only the start of major political change in Iran. In the 1950s, Anglo-Iranian lost its stronghold over the oil fields in Iran through a hostile conflict with the Iranian government.¹⁵¹ The Iranian government took a bold move and nationalized Anglo-Iranian Oil Company. To improve the company's public image after the debacle with Iran, the company changed its name in 1954 to British Petroleum Company Ltd. One year later, BP reorganized its corporate structure to become a holding

¹⁴⁸ Roland Gribben, "BP Now in Desperate Search for Oil," *Nigerian Tide* [Port Harcourt] (17 August 1979), 9.

¹⁴⁹ Memo from John Bradbury to the Anglo-Iranian Oil Company Ltd., 20 May 1914, PRO PREM 15/1143, 1.

¹⁵⁰ Ibid, 1-2; "British Petroleum," memo from John Prescott to James Callaghan, 31 August 1978, PRO EG 13/151.

¹⁵¹ Bamberg, *British Petroleum and Global Oil*, 20.

company, creating BP Trading Company Ltd. as a subsidiary that managed the company's global trade. From that point forward, BP continued its vigorous exploration and production, while expanding its marketing and transport into its operations. Between 1950 and 1980, BP diversified its activities to reduce reliance on any one country or region for production or sales. BP hired geologists to explore possible new sources in Africa, including Nigeria and Libya, and the Americas.¹⁵²

In addition to BP's independent operations, it also engaged in activities with Shell. The London-based transnational oil company, Shell Trading Company, operated since the 1880s trading crude oil and finished petroleum products such as kerosene and gasoline. Shell Trading boasted that it was the first oil marketing company in southern Africa, through British Imperial Oil's activities starting in 1901.¹⁵³ Around the same time oil production began in the Dutch colony of Sumatra (part of present-day Malaysia) by Royal Dutch Petroleum Company based out of the Hague. In 1903 Shell and Royal Dutch joined operations to compete with Standard Oil (the origins of today's ExxonMobil), forming the Asiatic Petroleum Company. In 1907 the two companies formally merged into one powerful company under the name Royal Dutch/Shell. The company expanded its operations throughout Asia and South America.¹⁵⁴

Through the process of an "imperial carve-up,"¹⁵⁵ Shell and BP wound up in a restrictive agreement that required the sharing of operations starting in 1928. The arrangement demarcated the Consolidated Area, expanding across the Indian Ocean to

¹⁵² Bamberg, *British Petroleum and Global Oil*, 109-29.

¹⁵³ Martin Bailey, *Shell and BP in South Africa* (Birmingham: Third World Publications, 1977), 3.

¹⁵⁴ Shell Group, *Our History* (2006), www.shell.com (accessed on 3 April 2007).

include important areas of the British empire such as India, eastern Africa, and southern Africa. Shell and BP Shell and BP worked together through a 50-50 joint venture called the Consolidated Petroleum Company. The arrangement reduced competition and allowed for greater coverage of operations based on each company's strengths —Shell's in production and BP's marketing.¹⁵⁶ Consolidated Petroleum maintained various branches with Shell acting as the manager of the company and its subsidiaries per agreement in 1931. All subsidiaries were registered in the UK and decided and executed from offices in London.

Southern Africa provides an excellent example of the relationship between Shell and BP and their joint activities in Consolidated Petroleum. Both companies operated in South Africa, Mozambique, and South West Africa (present-day Namibia). Only a handful of British representatives of those companies actually visited or worked in southern Africa. With Shell acting as the primary manager for Consolidated Petroleum, BP (London) kept very few executives in the region.¹⁵⁷ During the 1970s, the operations of Shell and BP within and independent of Consolidated Petroleum became important to Nigeria when it tried to determine whether UN sanctions against Southern Rhodesia were committed by these companies. Many Nigerians were convinced that these violations involved the trading of Nigeria's oil to southern Africa against its declared prohibitions. Over time, BP (London) began to feel restricted by the Consolidated Area and looked for ways to expand its operations independently. From BP's (London) perspective the 50-50

¹⁵⁵ In 1928, markets for petroleum products within the British empire were divided between British and part-British companies. Bamberg, *British Petroleum and Global Oil*, 252.

¹⁵⁶ Bamberg, *British Petroleum and Global Oil*, 252-67.

agreement never really worked in its favor. BP (London), with great resistance from Shell, hoped for dissolution of Consolidated Petroleum and a split of operations allowing both companies their independence. To facilitate an equal split in southern Africa, the two companies underwent “Operation Voortrekker” starting in January 1969, which served as a way of equalizing shares. The process of separation was completed by June 1975, bringing a formal end to Consolidated Petroleum in southern Africa.¹⁵⁸

Unlike countries in eastern and southern Africa, Nigeria was not part of the Consolidated Area. Shell and BP (London), however, continued to act as close partners in the upstream sector of Nigeria’s oil industry. As previously mentioned, Shell and BP (London) went in together on the exploration and production of oil in the Niger Delta. Within Shell-BP, BP (London) held a 50 percent share in production and a 20 percent interest in exploration concessions. This arrangement provided BP with roughly 250,000 bbl/d of crude oil to trade.¹⁵⁹ Shell-BP maintained an office in Port Harcourt, with an employee from Shell’s office in London acting as the company’s manager. As the most successful oil company in Nigeria, Shell-BP produced two-thirds of Nigeria’s available crude oil in the 1970s. In 1973, Shell-BP exported 25.4 percent, followed by Gulf at 18.2 and Mobil at 10.1 percent.¹⁶⁰ In the marketing of petroleum products, however, Shell and BP (London) operated separately.

¹⁵⁷ F. McFadzean, “Note of Discussion on 21st February 1968, between Messrs. Fraser and McFadzean and George Thomson, Secretary of State for Commonwealth Relations, Sir Leslie Monson, Mr. Bottomly, Mr. Barry Powell et al.,” 21 February 1968, BP 118397, 2.

¹⁵⁸ “Investigation into the Supply of Petroleum Products to Rhodesia —Evidence from Mr. A.H. Sandford,” IPR/BP BP 118326, 12; See entire file, “Consolidated South Africa —Operation Voortrekker,” BP 113787; A.M. Robertson, “Southern Africa (excluding Mozambique),” 13 June 1975, BP 94868.

¹⁵⁹ “BP’s Strategy for Nigeria,” 22 August 1979, BP 4823, 1.

¹⁶⁰ “Nigeria in Oil Boom,” *Daily Sketch* [Ibadan] (17 July 1973), 1.

Within Nigeria, BP (London) operated in several different areas of the oil industry. For decades, BP (London) operated marketing subsidiaries in many parts of Africa, including West Africa. BP (West Africa), managed from London, focused on its biggest markets in Ghana and Nigeria. By the 1950s, the demand for petroleum products required the creation of a separate subsidiary, BP (Nigeria), devoted solely to Nigeria.¹⁶¹ Until nationalization, BP (Nigeria) was Nigeria's largest marketing companies. It had the largest distribution and sales record of petroleum products in the country.¹⁶² In December 1964, BP (Nigeria) was incorporated as a subsidiary, registered in Lagos with a locally-based board of directors. Within BP (Nigeria), BP (London) held the majority (60 percent) shares and the remaining was held by Kenilworth Oil Company and Melrose Trading Company.¹⁶³ In addition to production and marketing, BP's (London) involvement in Nigeria's oil industry also included a stake in refining as a member of the NPRC and participation in the, then, new liquefied natural gas scheme.¹⁶⁴ BP's (London) portfolio of operations in Nigeria exhibited a wide range of activities, in many cases, on a larger scale than its competitors.

Within Nigeria, BP (London) established itself as a major oil company involved in many aspects of the country's oil industry. Over a twenty year period, Nigeria modified its relationship with BP, and the other major oil companies. This transformation hinged

¹⁶¹ Memo from John Hussey, BP (Nigeria) to A.J. Gorton, BP (London), 23 April 1976, BP 125364. This is a very simplified discussion of BP's operations and corporate organization in Nigeria, including only the pertinent branches. For example, specific affiliates such as BP Nigerian Development Limited, Nigeria Petroleum Terminals Limited, Nigerian New Horizons Limited, Offshore Petroleum Explorations (Nigeria) Limited, BP Supergas (Nigeria) Limited, and BP (West Africa) Nigeria (which is separate from BP (West Africa) Limited and BP Nigeria) have not been included.

¹⁶² "BP Had It Coming Long Ago," *Daily Times* [Lagos] (6 August 1979) 3.

¹⁶³ BP Trading Company held 2,999,900 to be exact. "BP Nigeria Ltd. Resolution in Writing 29th December 1964," 29 December 1964, BP 86142, 1-3.

almost entirely on Nigeria's quest for industrial development and the revenue required for that vision. Nigeria targeted its oil industry as the solution, transferring piece by piece nearly all foreign operations into public or private Nigerian ones.

Oil and the Economy

Although crude oil production began in Nigeria in the late 1950s, the industry did not factor into Nigeria's economy in a significant way until the early 1970s. Public discussions after the civil war centered on the role of oil in Nigeria's future and how best to manage this increasingly valuable commodity. The general consensus in Nigeria at the time was that the major oil companies controlled their oil industries and, without pointing fingers, attributed this situation to the chronic shortages of petroleum products.¹⁶⁵ After a series of nationalizations, newspaper reporters felt more at ease about blaming the foreign oil companies for these shortages. In one particular article, the author argues that of all companies, BP (London) as the manager of NPRC should have recognized these shortages and addressed them.¹⁶⁶ Many Nigerians also saw the lack of control over *their* oil industry as a glaring vestige of colonial rule that required effective and immediate eradication. Taking over the oil industry marked a crucial and decisive move away from a neocolonial situation. Also, it became evident that its oil production generated high

¹⁶⁴ "BP's Strategy for Nigeria," 22 August 1979, BP 4823, 1.

¹⁶⁵ See "Gov't Role in Oil Industry," *New Nigerian* [Kaduna] (31 August 1972), 5; "Oil: Dominant Element in the Upsurge of Nigerian Economy," *Daily Times* [Lagos] (31 August 1972), 7; "Role of Petroleum in National Development," *Nigerian Observer* [Benin] (23 December 1972), 7.

¹⁶⁶ "BP Had It Coming Long Ago," *Daily Times* [Lagos] (6 August 1979), 3.

amounts of revenue coming into the country. Any plans for development and financial independence from the UK factored in oil wealth.

Until the mid-1970s, intense development based on oil revenues appeared successful. This was particularly true during the oil boom years between roughly 1973 and 1978 when the price of crude oil per barrel reached unprecedented levels. As a member of OPEC since 1971, Nigeria enjoyed the influx of oil revenues, but without any of the political repercussions of taking part in the Arab oil embargo between 1973 to 1974. The price of oil per barrel in Nigeria rose from around \$4.30 in October 1973 to \$14.70 in January of 1974, which effectively tripled Nigeria's oil revenues.¹⁶⁷ This gave Nigeria the rare experience of having a major surplus of 11 percent in its budget.¹⁶⁸ The high oil prices during the embargo had a two-pronged effect on Nigeria's plans for economic growth. It made the expansion of Nigeria's oil industry and the execution of ambitious national development plans much more economically feasible.

In his essay, "The Shock of Modernity," Michael Watts aptly describes the 1970s for Nigeria as a "decade of oil and bristling petrolic nationalism."¹⁶⁹ His poignant description highlights how Nigeria reveled in its financial freedom by engaging in two related oil-funded projects —nation-building and its own brand of civic nationalism. Gowon operated on the correct assumption that government spending in development projects would bring the country together under a strong, centralized government. Without economic progress, nationalist projects would ultimately fail as people sought

¹⁶⁷ EIU, *Quarterly Economic Review –Nigeria*, no. 2 (London: EIU, 1974), 10-11.

¹⁶⁸ Alan H. Gelb and Henry Bienen, "Nigeria: From Windfall Gains to Welfare Losses?," in *Oil Windfalls: Blessing or Curse?*, ed. Alan H. Gelb and associates (Washington, DC: World Bank, 1988), 242.

means for survival through ethnic, familial, and religious affiliations. Economic development projects became not only about improving the economy, but also getting people to believe in the government and the merits of being part of a nation-state.

Under pressure to produce immediate results and share the oil wealth, the Nigerian government cut taxes, sponsored free education, distributed substantial salary awards, began subsidizing petroleum products in October 1973, and heavily invested in development projects on roads and telecommunications.¹⁷⁰ These investments were coupled with efforts to create new financial alliances. Contracts to design and build petroleum distribution depots and pipelines often went to Japanese and Soviet firms.¹⁷¹ They also invested in neighboring countries, including the granting of loans and donations. According to Julius Ihonvbere, Nigeria loaned the Republic of Benin ₦2 million and to Guinea ₦50,000.¹⁷² All of these efforts encouraged the fractured societies in Nigeria to feel invested in and rewarded by the national government.

In addition to the myriad of investment projects outlined above, Nigeria also engaged in two directly related to Nigeria's oil industry. The first is the government's attempt at revenue allocation, whereby oil revenues centrally collected would be evenly distributed among the twelve states. The first major revision to the revenue allocation schema took place in 1967, calling for 50 percent to go to the states, 35 percent into the Distributable Pool Account, and 15 percent to the federal military government out of the

¹⁶⁹ Michael Watts, "The Shock of Modernity: Petroleum, Protest, and Fast Capitalism in an Industrializing Society," in *Reworking Modernity: Capitalisms and Symbolic Discontent*, eds. Allan Pred and Michael Watts (New Brunswick, NJ: Rutgers University Press, 1992), 35.

¹⁷⁰ Forrest, *Politics and Economic Development*, 142-44.

¹⁷¹ Leke Salau, "Petroleum Depots, Pipelines Ready Soon," *New Nigerian* [Kaduna] (28 August 1978), 17.

¹⁷² Julius Ihonvbere, "The Foreign Policy of Dependent States: The Impact of Oil on Nigerian Foreign Policy 1960-1982," *The Indian Political Science Review* 18, no. 1 (January 1984), 90.

mining rents and royalties collected. Export duties would be distributed exclusively among the states. Starting in 1970 the central government reserved the most lucrative revenue derived from petroleum taxes for itself. The Distributable Pool Account served as intra-structural distribution system, allocating 50 percent shared equally among states and 50 percent parceled out on the basis of population. In theory, this revenue allocation system would place the central government in total control of funds and individual states in charge of local development schemes as opposed to distribution based on ethnic or religious preferences. Since its inception, the revenue allocation program underwent at least five changes between 1967 and 1980, each resulting in the tinkering of percentages allocated to states versus the Distributable Pool Account and the loss of revenue for many states.¹⁷³ While losing revenue, however, each state became increasingly dependent on the federal funding. Tom Forrest writes that prior to the federal military government states received 55 percent and by 1975 states received 80 percent.¹⁷⁴ Ultimately, the revenue allocation schema failed to turn the economy around, but it did tie states and their citizens, albeit temporarily, to the central government through a sharing of Nigeria's new found oil wealth.

The second project centered on taking over several companies engaged in various aspects of Nigeria's oil industry. Through a combination of gradual and forceful decrees, Nigeria's oil industry by 1979 looked radically different that it did in 1970. By the close of the decade, Nigeria had not only established its own oil company to participate in every aspect of the industry, but also managed to replace many of the managerial

¹⁷³ Ikein and Briggs-Anigbo, *Oil and Fiscal Federalism*, 137.

¹⁷⁴ Forrest, *Politics and Economic Development*, 51.

positions held by foreigners with Nigerians. It also engaged in a series of take overs that replaced foreign shareholders with Nigerians ones and foreign oil companies with state-run ones. But, the motivations for these take overs depended on the context. Prior to the oil bust of 1978, the federal military government under two successive regimes had planned these transformations. They were seen as long-term solutions to problems of shortages and uneven distribution, oil reserve protection, and profit security. The major foreign oil companies received warning several years in advance. After 1978, the motivations were complicated and the time-tables shortened. The previous ones had not been entirely compromised, but the desperation in which take-overs occurred overshadowed them. The notion of oil reserve protection was replaced with a frantic desire to extract large quantities and secure profits. By 1978, the government became complacent about the problem of chronic shortages because all attempts to remedy the problem had thus far failed. This latter period is the one in which the nationalization of BP falls. While a great deal more is said about this topic in proceeding chapters, it is necessary to highlight how nationalizations fit into Nigeria's economic plans.

Like the revenue allocation scheme, sharing the oil wealth and securing a path for nation-building and civic nationalism was paramount. The oil industry and the nationalizations that shaped it became uniquely Nigerian in composition and outlook. Nationalizing the oil industry offered visible changes during the 1970s as the signage attached to petrol stations changed from foreign logos to national ones. Oil became a commodity that went from *theirs'* to *ours'* and contributed a great deal toward national consciousness. However, the vision of nation-building and civic nationalism took an unexpected turn when the oil boom turned into an oil bust. Prices of crude oil on the

global market plummeted, with a slight recovery, in 1979. Forrest describes this period as the “crisis of 1978” because it not only the moment the oil boom ended, but also the moment of realization that the development projects and grand vision for national control could no longer be sustained.¹⁷⁵ Having not planned sufficiently for the future, the Nigerian government found the oil bust as impending doom. Dramatic headlines were spread across the front pages of newspapers in Nigeria making statements such as “Oil Boom is Over: Gloomy Economic Future Predicted.”¹⁷⁶ A series of articles explaining the oil industry and Nigeria’s position in the global market also emerged within the public forum to ponder the future of Nigeria’s oil industry.¹⁷⁷ Ambitious projects that required substantial federal funding were abandoned or shifted onto the desks of the state governments. For example, the burden of highly subsidized education schemes went to the states who could not shoulder the weight. Students and faculty responded with a series of strikes and protests. During the brief moment when oil prices picked up again in 1978 the federal military government resumed its massive spending to compensate for prior losses.

The “moment of realization” in 1978 came with some corrective measures, but in many ways the decade of financial mismanagement, escalating inflation, and rampant corruption facilitated by a collapsed federal revenue allocation structure could not be easily repaired. Nowhere was this more acutely true than the disappearing agricultural sector. In the mid-1970s attempts had been made to revitalize its agriculture through

¹⁷⁵ Forrest, *Politics and Economic Development*, 67.

¹⁷⁶ Lawson Akinwalere, “Oil Boom is Over: Gloomy Economic Future Predicted,” *Daily Sketch* [Ibadan] (4 January 1978), 1.

¹⁷⁷ “Future of Nigerian Oil Industry,” *Daily Express* [Lagos] (29 December 1978), 7.

state-funded planting and irrigation projects using oil money. Peter Evans writes about Nigeria's aspirations for economic progress during the 1970s in terms of global ranking. Nigeria saw itself as moving from a peripheral country within the global economy to semi-peripheral, joining the ranks of countries such as Brazil.¹⁷⁸ But, Nigeria lacked a burgeoning manufacturing industry like Brazil and relied on its "influence and affluence" to move beyond the peripheral rank of its African neighbors.¹⁷⁹ For this reason, Nigeria's leaders enacted numerous decrees to channel oil revenue into state coffers. These decrees also became an exercise in currying public favor to legitimize the continuance of authoritarian rule. Ultimately, this stripped funds and planning for the agricultural sector toward the more lucrative arena of oil production (see Conclusion).

Nigeria and British Petroleum

In stark contrast to most oil-rich countries, Nigeria did not have an overtly tense relationship with the major transnational companies running Nigeria's oil industry. Nigeria and BP rarely came into heated debate over the future of oil production, prices, and distribution. Behind closed doors, however, BP officials in London and Lagos certainly expressed displeasure with what they perceived as ill-conceived and politically charged economic policies. Within Nigeria's oil industry, BP did not hold all the cards, so to speak, that would have placed it in a highly vulnerable position. Whereas, in Libya BP was the country's largest oil producer and exporter. Leading up to nationalization in

¹⁷⁸ Peter Evans, *Dependent Development: the Alliances of Multinational, State, and Local Capital in Brazil* (Princeton, NJ: Princeton University Press, 1979).

December 1971, BP and Libya's relationship deteriorated into an openly tense one, especially as negotiations over compensation took over two years to settle.¹⁸⁰ Nigeria, for the most part, maintained a cordial relationship with BP, while pressing forward with its economic development initiatives.

From Nigeria's perspective, one of the most frustrating things about BP was that it had several claims within Nigeria's oil industry. BP was ensconced in such a way that excising it from Nigeria's oil industry was an extremely messy prospect. Yet, for that same reason, BP appeared to be one of the most expendable oil companies operating in the country because taking over a portion of its activities would not dramatically destabilize the oil industry. By the early 1970s, Nigeria supplied BP with 15 percent of its oil for trade and 10 percent of Shell's crude oil supplies.¹⁸¹ The remainder of the oil produced by Shell-BP in Nigeria went into the global oil market. Since the establishment of Nigeria's industry, a relationship of dependence had emerged between Nigeria and BP.

BP and Nigeria differed largely in their views on the value of oil, making for a dialectic industry embodying contradictory ideas from different sides that help to shape it. They also disagreed over the future direction of Nigeria's oil industry. As a major oil trading company, BP (London) saw oil as a commodity for export and distribution in profitable regions. The company held tight to its neoclassical economic view that global markets should determine prices for oil and frowned upon host government interference. Within Nigeria, this meant that BP expressed little interest in expanding its distribution of

¹⁷⁹ Timothy Shaw, "Introduction," in *Nigerian Foreign Policy*, eds. Timothy Shaw and Olajide Aluko, 1 (New York: St. Martin's Press, 1983).

¹⁸⁰ "BP and Shell in Libya," 17 June 1974, PRO EG 14/140, 1

¹⁸¹ Untitled memo, 14 December 1970, PRO POWE 63/768.

petroleum products and aspects of its industries into remote areas in the country with sparse populations. The bulk of oil facilities and service stations in Nigeria existed in the southern half of the country to the neglect of the northern half. Also, like most production companies, Shell-BP focused on producing crude oil almost exclusively for export, leaving little for domestic processing and consumption. As the 1970s approached, Nigeria began to formulate a differing view regarding its oil, seeing oil as the key to its development and national progress.

The relationship between Nigeria and BP did not follow the common path of escalating tension over employment practices, royalties, and profit flight of which some many other oil-exporting countries did. For many years, Nigeria saw the value of pressuring BP into getting what it wanted as opposed to nationalizing it. This way, Nigeria wrangled out of BP micro-development projects related to improving infrastructure and social services. BP only expressed a concern over being nationalized when Nigeria became heavily involved with southern Africa and a major criticizer of British diplomacy. By and large, however, the UK viewed Nigeria throughout the 1970s as a flamboyant but faithful trading partner and considered only in passing the possibility of BP facing ejection from the country for political dealings. In the following chapter, the popular idea of Nigeria nationalizing BP over southern Africa is explored to expose the problematic aspects of that conclusion.

Chapter 3: Background to Nationalization

During the 1970s, Nigeria became heavily involved in the liberation of southern Africa from both colonial rule, in the case of Portuguese Mozambique and Angola, and white-supremacist regimes in Southern Rhodesia and South Africa. With the exception of those countries, African countries underwent the process of decolonization and enjoyed independence by 1965. Portugal, however, ignored the “wind of change” that led to decolonization in Africa and tightened control over its colonies.¹⁸² Africans in those colonies launched liberation wars, which the OAU and Nigeria supported financially and militarily. Southern Africa during the 1970s was a hotbed, with pressure from all sides threatening to completely reconfigure the political landscape. From the African perspective, the white regimes maintained power because of European political, financial, and military assistance. The UK defended its position by declaring that the racial problems in these countries required “internal solutions,” requiring it to provide gentle guidance from time to time on how to prepare gradually political equality. The OAU, with Nigeria serving as a vocal and influential member, repeatedly criticized this approach. Military clashes, failed negotiations, declining economy, suppression of liberation movements, and Western indifference: this is the context in which scholars have situated Nigeria’s nationalization of BP.

This chapter examines the popular narrative, which starts in the mid-1960s and moves through to the end of the 1970s. We begin with an overview of Nigeria’s activist

role in the African-led liberation movement focused on southern Africa. After establishing the political scene with an emphasis on Nigeria's position in it, we turn to exploring the popular narrative that highlights the escalating deterioration of Nigeria's relationship with the UK and BP. This chapter also introduces aspects rarely subjected to historical analysis such as the UK's Beira Patrol in the Mozambique Channel, how petroleum reached Southern Rhodesia despite UN sanctions, and Nigeria's attempt to enforce sanctions at its own ports. These additions validate many of the accusations leveled at the UK and BP, while fleshing them out in greater detail based on archival sources. After presenting the narrative, the chapter shifts to focus on deconstructing and raising questions such as why BP? Why 1979? And, why do the reasons put forward by scholars in the secondary literature vary significantly?

The goal of this chapter is to show why the popular narrative put forward largely by scholars writing on Nigeria's foreign policy, with all of the tantalizing drama, heroes, and deceit, and reveal why it does not accurately present the reasons that Nigeria nationalized BP. The narrative runs like a Nigerian melodrama with new developments unfolding incrementally, to keep the story moving forward. The villains are clearly recognizable and lack admirable or relatable qualities. South Africa's actions are viewed as "pure evil," and devoid of logic. The narrative also includes catch phrases and rally cries. It is easy to see how this it has become, for all its misgivings, an important part of historical memory in Nigeria. The nationalization does not fit into this narrative perfectly,

¹⁸² The phrase "wind of change" refers to the British Prime Minister Harold Macmillan's speech entitled "Wind of Change." He gave it in several African colonies in 1960 to announce the British plan for decolonization.

but this fact does not render the narrative worthless. The preservation of this narrative within secondary works holds a distinction all its own regardless of the nationalization.



Illustration 3: Map of Southern Africa, 1970s¹⁸³

Nigeria and the Liberation of Southern Africa

The height of Nigeria's active foreign policy spanned across the military regimes of Gowon (1966 to 1975) and Muhammad/Obasanjo (1975-1979). Gowon took on a duplicitous position, in which he espoused radical ideas and stern threats toward the UK

through the megaphone of the OAU. At the same time, he also harbored a solid economic relationship with the UK in Nigeria. Scholars contend that whatever action generated public attention warranted a decisive political response. To a lesser extent, Obasanjo befriended the UK, but also took a hard-line approach on southern Africa. And, with transition to a civilian government slated for 1979, Obasanjo had no scruples about setting Nigeria's foreign policy ablaze before exiting. Starting as early as 1977, Obasanjo was poised to pounce, announcing that "action would be taken against firms involved in South Africa."¹⁸⁴ The effort to prohibit the destination of vessels that called at its ports best illustrates this. Nigeria essentially set a snare in which to catch the oil companies in a public show. Observers contended that Gowon and Obasanjo's posturing overshadowed sincere activism.

Nigeria established itself as a prominent member of the OAU and the United Nations (UN). During the 1970s, Nigeria continued with its efforts to provide vocal support and financial assistance to the OAU. In 1974, Gowon became chairman of the OAU for one year. Nigeria also played an important role bringing the OAU and UN together. In November 1973, the UN General Assembly adopted Resolution 3066 concerning the cooperation between the UN and the OAU.¹⁸⁵ Regardless of the objection put forward by countries accusing OAU members of violating sanctions, the resolution went forward. Nigeria also served on the UN Security Council (UNSC) for two years starting in January 1978, with its role as president. Several OAU members objected to

¹⁸³ Map by Sam Saverance of Saverance Publishing Services (2007).

¹⁸⁴ EIU, *Quarterly Economic Review –Nigeria*, 2nd Quarter (London: EIU, 1978), 4.

Nigeria as the representative of Africa. Most backed Niger and Gabon, not Nigeria. But, according to the London-based research wing of the *Economist*, Nigeria finished third in the elections, but refused to withdraw from the race, forcing its way into the position.¹⁸⁶ Within its first year, Nigeria assisted in the formation of a committee to review the possibility of an oil embargo against South Africa and another committee to oversee the arms embargo.¹⁸⁷ To the UNSC, Nigeria made a bold declaration: that Nigeria “would take stern measures against foreign firms which retained investments in South Africa operating in Nigeria” despite its economic weakness to take these measures unilaterally.¹⁸⁸ Nigeria’s two years on the UNSC placed it into a prime position for carrying out its vision of liberation in southern Africa, although progress overall was slow.

Nigeria found itself in a dilemma. As much as Nigeria wanted to align itself with other African countries and movements to eradicate European dominance, it still remained fettered to European, primarily British, financial and military assistance. During Nigeria’s civil war, the UK provided the majority of Nigeria’s military supplies and training. In Nigeria’s oil trade network, the UK represented the primary trading partner. In pursuance of befriending African countries and maintaining a strong financial relationship with the UK, Nigeria developed a split personality between the mid-1960s and 1980. The acuteness of this duality varied over the years. Throughout the 1970s,

¹⁸⁵ Memo from Security Council Committee to British Foreign and Commonwealth Office, 7 February 1974, PRO FCO 36/1706; United Nations General Assembly, “Resolution 3066 (XXVIII),” (9 November 1973), 3–4, <http://www.un.org/documents/ga/res/28/ares28.htm> (accessed on 20 July 2006).

¹⁸⁶ EIU, *Quarterly Economic Review – Nigeria*, 1st Quarter (London: EIU, 1978), 6.

¹⁸⁷ EIU, *Quarterly Economic Review – Nigeria*, 2nd Quarter (London: EIU, 1978), 4.

¹⁸⁸ Aluko, *Essays on Nigeria’s Foreign Policy*, 68.

Nigeria presented itself as a leader of an African liberation movement as well as a great criticizer of British policy to the outside world; at the same time, it acted as a cooperative and agreeable host to British firms operating in the country.

Critical reviews of Nigeria's foreign policy indicate moments where it public adoration superseded action. Aside from the general notions of liberation and its involvement in it, Nigeria maintained no cohesive plan for action. As a result, its behavior confused onlookers. It appeared to pick and chose its moments of activism. A. Bolaji Akinyemi writes that it was difficult to ascertain how central southern Africa was to Nigeria's policy. According to him, Gowon was "uncompromising if the issue directly involved" southern Africa, but otherwise action was based on "their merits."¹⁸⁹ He cited circumstances where Gowon sought foreign investment from countries considered soft on southern Africa, such as the US and France. The latter had a reputation as a sanction violator for Southern Rhodesia and a major arms supplier to South Africa.

Anti-Apartheid Campaigns against South Africa

Since 1948, South Africa had been under a strict policy of apartheid, which had come under a great deal of criticism from the African leaders. However, it was not until the late 1970s and 1980s that international pressure developed and became part of a systematic attempt to end apartheid. Action partly happened because the history of southern Africa became a matter of South Africa's apartheid state launching military campaigns within neighboring countries. South Africa's population was estimated at 26

million (based on the census taken in 1970), with 70 percent African, 17 percent people of European descent, and 13 percent falling into the category of “Coloureds” and Asians. Since the election of the National Party into South Africa’s government in 1948, South Africa’s citizens were forced into a complicated arrangement of apartheid, of which the ultimate goal was the total separation of races in South Africa and the continued exploitation of non-white labor. In South Africa, Africans lived under strict and violent control that restricted their movements, quality of life, and location of settlement. A series of laws implemented total segregation in South Africa, dividing public spaces both urban and rural.

Within South Africa, the political scene underwent few changes during the 1970s. A change in prime ministers from B.J. Vorster to Pieter W. Botha took place in 1978, ushering in a strengthened commitment to reshaping South Africa’s relationship to Southern Rhodesia and making the system of apartheid workable within South Africa. With Southern Rhodesia’s white-minority regime, South Africa maintained what outsiders viewed as a peculiar relationship. While generally supportive of its ideas, instability within the country threatened the “peace” and security of South Africa. During the 1970s, Southern Rhodesia’s conflict spilled into neighboring countries and international intolerance of such activities complicated South Africa’s own operations in places such as South West Africa (present-day Namibia). By default, Southern Rhodesia became South Africa’s wild and untamable counterpart. The British discussed South Africa’s willingness to hang Southern Rhodesia out to dry, so to speak, in an effort to

¹⁸⁹ A. Bolaji Akinyemi, “Nigerian Foreign Policy in 1975: National Interest Redefined,” in *Survey of Nigerian Affairs*, ed. Oyeleye Oyediran, 107 (Ibadan: Oxford University Press, 1981).

preserve its own reputation and economic interests. By August 1975, Vorster withdrew remaining South African troops from Southern Rhodesia and impressed upon Smith the value of negotiating with African leaders such as Bishop Abel T. Muzorewa. In fact, South Africa provided financial assistance to the bishop's election campaign in the late 1970s. While restricting its political relationship with Southern Rhodesia, the flow of goods to the country remained steady.

Within South Africa, Botha established himself as a ruthless proponent of the apartheid system. Unprecedented levels of violence erupted in the country. It was under his leadership that notable African activists were imprisoned and murdered. Resistance to apartheid within South Africa broadened into an international movement during the 1970s, with neighboring African countries playing an important role. Nigeria and the UN jointly organized a five day world conference, World Conference for Action against Apartheid, in 1977. The goal of the conference was to prepare an anti-apartheid agenda for the UN General Assembly. The declaration from the conference called for tougher economic sanctions because the existing arms embargo was "grossly inadequate."¹⁹⁰ At this conference Obasanjo extended a warning to companies that were violating Nigeria's ban on trade with South Africa.¹⁹¹ Nigeria also engaged in selective boycotts of events which included South African participants.¹⁹² Citizens of Nigeria also became members of the London-based Anti-Apartheid Movement; although, Ghana and Zambia claimed

¹⁹⁰ Quoting Major General Joseph Garba in EIU, *Quarterly Economic Review –Nigeria*, 1st Quarter (London: EIU, 1978), 6.

¹⁹¹ EIU, *Quarterly Economic Review –Nigeria*, 4th Quarter (London: EIU, 1977), 5-6.

¹⁹² In August 1978, Nigeria boycotted the Commonwealth Games in Canada because of New Zealand's failure to condemn apartheid. One month later, Nigeria walked out of an International Institute of Administrative Sciences conference in Abidjan, Ivory Coast because South African delegates were allowed to attend. EIU, *Quarterly Economic Review –Nigeria*, 4th Quarter (London: EIU, 1978), 6.

more members than Nigeria.¹⁹³ While adding South Africa to its agenda of African liberation, Nigeria also maintained pressure on Southern Rhodesia both through the OAU and UN, as well as through its own initiatives. The problems of Southern Rhodesia that began in 1965, however, saw remarkable steps toward closure by the end of the 1970s, with Nigeria interjecting its opinion and placing pressure on the UK to make the right decisions.

Continued Pressure on Southern Rhodesia

Southern Rhodesia underwent a dramatic shift in 1965. It went from being under the rule of the UK, as part of the Central African Federation, to an independent state under the leadership of a white-minority party that rejected African participation in national politics. The population of Southern Rhodesia stood in 1970 over 5 million, with an estimated 4.9 million Africans and 230,000 people of European descent. Since 1953, Southern Rhodesia had been part of the Central African Federation with Northern Rhodesia (present-day Zambia) and Nyasaland (present-day Malawi). On November 5, 1964, people of European descent voted in a referendum for immediate independence. Zambia and Malawi both met the conditions laid out by the British for independence, but Southern Rhodesia did not, making their declaration of independence on November 11, 1964 illegal. This action is referred to as a unilateral declaration of independence (UDI). In order to pressure the new leadership of Southern Rhodesia, Ian Smith and his

¹⁹³ "Correspondence with African States," RH/AAM MSS AAM 2341. On Ghana's involvement in the campaign for the liberation of southern Africa, see E.K. Dumor, *Ghana, OAU, and Southern Africa: An African Response to Apartheid* (Accra: Ghana Universities Press, 1991).

Rhodesian Front, the UN passed Resolution 232 calling for mandatory sanctions against the country on 16 December 1966. Items specifically mentioned in the resolution included asbestos, chrome, tobacco, copper, petroleum products, military supplies, and automobiles to name a few.¹⁹⁴ Within the first year of the sanctions, it became apparent that Southern Rhodesia's economy was not buckling and trade had not ceased.

Politics in Southern Rhodesia since UDI remained largely the same in the first half of the 1970s. Ian Smith continued to act as prime minister to serve the interest of the Rhodesian Front until a forced transfer of power took place in 1979. By 1970, Southern Rhodesia became a republic, marking the abandonment of its promise of African majority rule in the future and the rejection of British authority in the country. The UK and Southern Rhodesia entered into their third round of talks in 1971 (the first two taking place in the 1960s aboard naval ships). The British continued to put forward their Five Principles as essential conditions for a legal independence drafted in October 1964, which included:

1. unimpeded progress toward majority rule;
2. guaranteed against retrogressive constitutional changes;
3. immediate improvements in the political status of Africans;
4. progress towards ending racial discrimination;
5. acceptance of any Anglo-Rhodesian settlement terms by the people of Rhodesia as a whole.¹⁹⁵

More specifically, the UK called for the repeal of the Land Apportionment Act (1930),¹⁹⁶ universal adult suffrage, and steps toward “reasonable aspirations of the majority of the

¹⁹⁴ United Nations (UN) General Assembly, “Resolution 232 (1966),” (16 December 1966), 7-8, http://www.un.org/docs/sc/unsc_resolutions.html (accessed on 31 May 2006); Harry R. Strack, *Sanctions: The Case of Rhodesia* (Syracuse, NY: Syracuse University Press, 1978).

country's inhabitants...."¹⁹⁷ A tentative agreement was made at the third round of talks and the British formed the Pearce Commission to gather public opinion within Southern Rhodesia on the proposal. In the meantime, African resistance within southern Africa escalated and was met with a decisive military response, launching the country into civil war. Several liberation groups based within and outside the country attacked Southern Rhodesia.

After a series of secret meetings between the British Prime Minister Sir Alec Douglas-Home and Ian Smith, a tentative settlement was reached in Salisbury (present-day Harare) in November 1971. The UK reported with enthusiasm that an acceptable resolution had been made through "substantial concessions on Mr. Smith's part."¹⁹⁸ The terms included:

...unimpeded progress toward majority rule by means of greatly improving arrangements for African representation in Parliament: will contain constitutional guarantees...and will bring about an immediate improvement in the political status of the African population and progress towards the end of racial discrimination.¹⁹⁹

People in Southern Rhodesia viewed the settlement with a mixture of joy and caution and the UN General Assembly flatly rejected it, complaining that the British had dismally

¹⁹⁵ "Rhodesia," memo from British Foreign and Commonwealth Office to British High Commission (Lagos), 24 November 1971, PRO FCO 36/793.

¹⁹⁶ The Land Apportionment Act (1930) effectively applied racial segregation into land allocation throughout Southern Rhodesia. The act created separate categories of land: Native Reserves (accounted for 22.4 percent of the country), Native Purchase Areas (7.7 percent), European Areas (50.8 percent), and Unassigned Areas (18.4 percent).

¹⁹⁷ Rhodesia House, "The Case for Granting Southern Rhodesia Full Independence within the Commonwealth," January 1964, PRO DO 154/54, 6-8.

¹⁹⁸ "Rhodesia," memo from British Foreign and Commonwealth Office to British High Commission (Lagos), 26 November 1971, PRO FCO 36/793, 2.

failed at bringing down the Smith regime.²⁰⁰ In point of fact, the agreement had essentially dismissed the Five Principles that the British required for independence. Nigerian students from Amadu Bello University demonstrated in Zaria, Kano, and Kaduna storming the streets and throwing stones at the High Commissions' office in Kaduna in response to the agreement.²⁰¹ And, the Afro-Asian Solidarity Organization called for Nigeria to leave the Commonwealth and nationalize all British and American firms.²⁰² Despite the flurry of activism, Gowon remained unchanged in his promise to the UK that no action would be taken on the issue of Southern Rhodesia.²⁰³

After the tentative agreement was made, the next step was to test its acceptability among the African population, which was ascertained through the British-appointed Pearce Commission.²⁰⁴ The Pearce Commission was sent to Southern Rhodesia to test the acceptability and feasibility of the settlement proposal between January and March 1972. While in progress, Nigeria remained skeptical with regard to the level of British manipulation involved in the process.²⁰⁵ Nigeria wanted UN intervention to remove

¹⁹⁹ "Rhodesia," memo from British Foreign and Commonwealth Office to British High Commission (Lagos), 26 November 1971, PRO FCO 36/793, 2.

²⁰⁰ Michael Knipe, "Rhodesia –Settlement Assailed in Swift Vote at UN," *Times* [London] (25 November 1971), 11.

²⁰¹ "Rhodesia," memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 30 November 1971, PRO FCO 36/793; Memo from British High Commission (Kaduna) to Foreign and Commonwealth Office, 30 November 1971, PRO FCO 36/793.

²⁰² Memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 1 December 1971, PRO FCO 36/793, 1.

²⁰³ Memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 4 December 1971, PRO FCO 36/793, 3.

²⁰⁴ "The Africans Must Decide," *Financial Times* [London] (26 November 1971), 20.

²⁰⁵ Memo from Cyril Prichard to S.J. G. Fingland, 21 April 1972, PRO FCO 65/1203, 1.

Smith instead of the UK's drawn-out negotiation tactics.²⁰⁶ While the Pearce Commission was in progress, Gowon shifted positions and threatened "reprisals against British commercial interests in Nigeria if the Rhodesian deal goes through."²⁰⁷ True to form, Gowon seized public opportunities to denounce British activity, while privately assuring that British investment in Nigeria was secure. This was based on pragmatic economic policy. Nigeria generated neither the capital, nor the skills to take such a step. With every threat, the British Foreign and Commonwealth Office checked with their local agents for advice. The High Commissioner in Lagos saw action on political grounds as unlikely:

the Nigerians would have to think very hard before taking action along Libyan lines and would have to feel seriously threatened by HM Government's policy in southern Africa before taking such a drastic step.²⁰⁸

In response to the same inquiry, Shell (London) stated that,

the Nigerian government is not very likely to take real action, and the specific judgment that if nevertheless they do, they will be more likely to go for British interests other than oil.²⁰⁹

When asked, however, the trajectory of Nigeria's *economic* policy, Shell and BP discussed the extreme likelihood that Nigeria intended,

²⁰⁶ "Rhodesia," memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 30 November 1971, PRO FCO 36/793, 2; Memo from Nigerian High Commission (London) to British Foreign and Commonwealth Office, Quoting speech given by Dr. Akipo, 24 December 1971, PRO FCO 36/793, 1-2.

²⁰⁷ G.B. Chalmers, "Nigeria: Oil," 24 January 1972, PRO FCO 65/1226, 2.

²⁰⁸ G.B. Chalmers, "Nigeria: Oil," 24 January 1972, PRO FCO 65/1226, 2.

²⁰⁹ Memo from A.R.G. Raeburn, Shell (London) to M. Le Quesne, British Foreign and Commonwealth Office (London), 14 February 1972, PRO FCO 65/1226, 1.

to achieve substantial ownership of the existing oil business and to cut out a figure on the international stage to reflect Nigeria's growing political importance within Africa.²¹⁰

What is emphasized in the passages above is an important distinction between Nigeria's foreign policy and its economic one. In the case of dealing with the UK regarding the Pearce Commission, Nigeria used its oil industry as the threat, but it was quite evident that real action was unlikely.

At the conclusion of its research, the Pearce Commission presented a report stating that the white population approved, while the Asian and "Coloured" communities gave mixed reaction. The settlement proposal was abandoned, proving the British negotiation strategy to be ineffective. According to Aluko, Nigeria allegedly persuaded the UK to accept the commission's report and abandon the settlement plan.²¹¹

African observers, while praising the UK's initial efforts, saw the agreement as largely toothless because every compelling demand had been softened with the phrasing "progress toward" without a clear timeframe.²¹² Instead of forcing the Smith regime to accept a constitution forbidding racial discrimination, the UK left the means by which any retroactive changes would be prevented up for negotiation. Throughout the process, the UK appeared passive and weak. What the British saw as significant progress, African leaders viewed as unacceptable. Nigeria argued that the UK maintained an unreasonably aloof stance on the denial of African rights and liberties in the region. In part, this

²¹⁰ A.R.G. Raeburn of Shell (London) to M. Le Quesne of British Foreign and Commonwealth Office, 14 February 1972, PRO FCO 65/1215.

²¹¹ Aluko, *Essays on Nigeria's Foreign Policy*, 68.

²¹² Memo from British High Commission (Kaduna) to British Foreign and Commonwealth Office, 2 December 1971, PRO FCO 36/793; Bolaji Akinyemi, "The Home-Smith Rhodesian Proposals: A Sell-Out," *Nigeria: Bulletin on Foreign Affairs* 1, no. 3 (January 1972), 9-15.

criticism was a reflection of the UK's behavior within Nigeria.²¹³ Nigerian media referred to the UK as "selling out" for white Southern Rhodesians. While Nigeria criticized the UK for its failure to effectively complete the decolonization process, it also held firmly the belief in African activism to bring about change.

Between 1972 and 1976, the landscape of southern Africa became a war zone. In addition to fighting within Mozambique and Angola against the Portuguese and its allies, Southern Rhodesia also became embroiled in a civil war. By 1972, several African liberation groups had formed and launched guerilla attacks against the Southern Rhodesian police and military. For the most part, the details of the civil war move beyond the scope of this project, but some points warrant attention. In January 1973, the Smith regime accused the Zambian government of allowing guerilla groups, particularly the Zimbabwean African People's Union (ZAPU), to camp in Southern Rhodesia and launch attacks periodically. Zambia denied such charges. Southern Rhodesia closed its 400 mile border with Zambia, preventing all traffic, except copper exports, to cross. One month later Southern Rhodesia opened its border, but Zambia continued to keep its side closed. Zambia rerouted all its exports, including copper, to Dar es Salaam, Tanzania and Lobito, Angola.²¹⁴ Also, ZAPU, the Zimbabwean African National Union (ZANU), and the Front for the Liberation of Zimbabwe (FROLIZI) announced in December 1974 the acceptance

²¹³ There are numerous instances that can be cited where the UK does not assist in improving its diplomatic relations with Nigeria. For example, in January 1975, the UK attempted to issue a postage stamp commemorating Sir George Goldie, which hailed him as the "Founder of Nigeria" for his work in colonizing Nigeria in the 19th century on behalf of the British through his Royal Niger Company. For Nigerian nationalists in the 1970s, Goldie represented a piece of the tragic colonial history of Nigeria. After a flitting of memos with the Foreign and Commonwealth Office, the UK changed the phrase to say "Pioneer of Nigeria," which was not a substantial improvement. Memo within British Foreign and Commonwealth Office, 22 January 1975, PRO FCO 65/1672.

²¹⁴ UN General Assembly Secretariat, "Annex to Report," 35.

of the African National Congress (ANC) as the umbrella organization of their liberation movement with Bishop Muzorewa as its chairman. To prevent the effective mobilization of these African liberation groups, the Smith regime used a range of underhanded tactics such as detaining and killing suspected Africans, banning their publications, and obstructing their collection of outside funds.²¹⁵ Weary from war, Smith called for a cease-fire and reconfigured his political strategy toward a settlement. Ultimately, international pressure turned the tide in 1975 and forced the Rhodesian Front to engage in a process of turbulent change.

With the independence of Mozambique in 1975 and South Africa's troop withdrawal, the civil war in Southern Rhodesia swung in favor of the African liberation groups. The US and South Africa also pressured Smith to surrender his power and suggested Bishop Muzorewa as a good presidential candidate. In 1972, Gowon had met with Bishop Muzorewa and expressed his satisfaction that Muzorewa had a "pragmatic and realistic attitude" for a multi-racial society.²¹⁶ Gowon's successors, Muhammed and Obasanjo, set their sights on the Patriotic Front, which formed in October 1976. The Patriotic Front was formed by Joshua Nkomo and Robert Mugabe (Zimbabwe's current president) and became the favored group of the OAU and the Frontline of States.²¹⁷ Smith convened a series of meetings with Bishop Muzorewa, President Kenneth Kaunda of Zambia, and the Patriotic Front among others to negotiate a settlement. Exhausted from war and pressured by South Africa, Smith altered his position and announced his

²¹⁵ UN General Assembly Secretariat, "Annex to Report," 27-8.

²¹⁶ "Bishop Muzorewa," memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 9 August 1972, PRO FCO 65/1203.

willingness to discuss a transition to African majority rule within two years on 24 September 1976. One year later, he began dismantling laws regarding racial segregation and allowed for universal adult suffrage. Despite these changes, Smith refused to hand over power entirely and the fighting continued.

Southern Rhodesia's civil war spilled over into neighboring countries. In April 1977, South Africa threatened to cut oil supplies to Southern Rhodesia if a settlement was not reached soon. Smith withdrew his troops from neighboring countries and promised a new constitution and multi-racial government elections for January 1979. Discussions began regarding the lifting of UN sanctions against Southern Rhodesia. The lifting of sanctions, however, was largely symbolic since a wave of allegations and reports indicated that they were largely ineffective.

Sanctions and Violations

The mandatory economic sanctions established on 16 December 1966 by the UNSC against Southern Rhodesia continued until 21 December of 1979, although global attitude toward them changed.²¹⁸ The political and economic climate in Southern Rhodesia remained largely unaltered by the sanctions. Reports from a range of sources confirmed suspicions that trade with Southern Rhodesia continued, especially in petroleum products, despite the ongoing Beira Patrol in the Mozambique Channel.

²¹⁷ In December 1974, the OAU's African Liberation Committee formed this organization of the "frontline" presidents to coordinate external support for the liberation of Southern Rhodesia. The founding members included Zambia, Botswana, Mozambique, and Tanzania.

²¹⁸ United Nations General Assembly, "Resolution 232 (1966)," (16 December 1966), 7 and "Resolution 460 (1979)," (21 December 1979), 15-6, <http://www.un.org/documents/ga/res/28/ares28.htm> (accessed on 20 July 2006).

Starting in February of 1966, the UK deployed several ships of the Royal Navy and a handful of Shackleton aircrafts of the Royal Air Force to patrol the Mozambique Channel (the waterway between Mozambique and Madagascar in the Indian Ocean). The purpose of the patrol was to intercept ships attempting to call at the port of Beira with intentions of trading goods destined for Southern Rhodesia (see Illustration 3). At the start of the patrol, UN mandatory sanctions against Southern Rhodesia had not yet been put into place and only a strong *recommendation* was made to member countries to sever economic ties. The patrol cost the British government an estimated £500,000 per year and included the maintenance of a naval base at Mombasa, Kenya and an air base at Majunga, Madagascar.²¹⁹ By May 1967, the operation included 4 aircraft carriers and about 2-3 frigates, patrolling for stretches of 14 to 19 days at sea. The aircraft missions during the first couple of months patrolled every 12 hours, but by June 1966 they were cut to three times per week.²²⁰ In total, the patrol operated for nearly ten years, with its shortcomings becoming apparent within the first few years. It ceased completely in 1975, coinciding with the independence of Mozambique. Overall, the international community, including the UN, considered the patrol a complete failure primarily because oil supplies continued to reach Southern Rhodesia not only by ship calling at other ports (including one down the coast from Beira, still in Mozambique) in plain view, but also by land from South Africa.

Before sanctions, oil supplies (as crude oil or finished petroleum products) reached southern Africa through several major ports –Durban and Cape Town in South Africa and Beira (present-day Matare) and Lourenço Marques (present-day Maputo) in

²¹⁹ Memo from British Foreign and Commonwealth Office, 1 March 1968, PRO FCO 36/270, 5; “Use of Majunga for Beira Patrol,” memo to British Foreign and Commonwealth Office, 13 May 1971, PRO PREM 15/1878, 1.

²²⁰ “Surveillance of Beira and the Mozambique Channel, 25th January to 1st May 1967,” May 1967, PRO FCO 35/151, 4-5.

Mozambique (see Illustration 3). Because Southern Rhodesia was a land-locked country, it relied on the ports of Mozambique, particularly Beira.²²¹ Since 1899, a railroad connected Beira to the cities of Umtali and Salisbury in Southern Rhodesia. In Umtali stood Southern Rhodesia's only refinery. Petroleum products also arrived at Beira destined for Malawi and Zambia, totaling around up to 1 million bbl/yr.²²² The eastern portion of South Africa –the Transvaal –relied on Lourenço Marques for its petroleum products. Shell (South Africa) and BP (Southern Africa) used Lourenço Marques as a port to supply its customers in South Africa. For the most part, these major ports received crude oil shipments from Middle Eastern countries such as Iran and Iraq, through the crude oil supply subsidiaries of the major oil companies –Shell, CFP, BP, Caltex, and Mobil.²²³

Demand for oil in Southern Rhodesia was relatively low as it applied to limited transport and industry. Southern Rhodesia lacked crude oil of its own, but mined large amounts of coal and utilized hydroelectric power. For this reason, Southern Rhodesia heavily depended on the transnational marketing companies. South Africa represented the largest market in southern Africa with demand reaching 89 million bbl/yr.²²⁴ Shell and BP

²²¹ Beira was Mozambique's second largest city. It was established in the early 1890s as a port city on the Indian Ocean.

²²² It was estimated that nearly 500,000 bbl/yr were consumed within Mozambique. "Products," handwritten information on back of miscellaneous handwritten memo, 19 February 1968, PRO FCO 36/270. Ministry of Power, "Shell and British Petroleum in South Africa and Mozambique," 24 April 1968, PRO PREM 13/2399, 3.

²²³ A discussion developed in 1976 regarding the feasibility of Algeria or Tunisia as a source of non-embargoed oil for South Africa. "Zaratine for South Africa," memo from B.J.A. Smith to A.J. Horne, 9 December 1976, BP 19849; H.J. McNeill, "Tanker Watch Duty," 19 January 1969, PRO POWE 63/397, 5; "CFP/CFR/Total," March 1967, PRO POWE 63/233.

²²⁴ Marketing divided primarily among the major affiliates: BP Southern Africa, Caltex Oil South Africa, Esso Standard Oil South Africa, Mobil Oil Southern, Shell South Africa, and Total Oil Products. An estimated 85 percent of South Africa's energy consumption came from solid fuels (ie coal) and only 14 percent was derived from petroleum products. "South Africa –Sasol and Natref," memo from BP (Cape Town) to BP (London), 16 September 1978, PRO EG 13/151, 2; "South Africa," 25 November 1966, BP 118351; M.J.K. Savage, "1977 Capital Budget: Southern African and Consolidated Areas, Southern Africa, Area Review," 1 November 1976, BP 19849, 1.

together controlled most of the marketing operations within Southern Rhodesia.²²⁵ Within southern Africa, each major oil company oversaw the operations of its subsidiaries. BP, for example, had a subsidiary operating in almost every country in addition to its participation in Consolidated Petroleum, a joint-venture with Shell.

After the implementation of sanctions, the oil marketing network in Southern Africa underwent substantial changes to maintain their interests while respecting UN policy. The subsidiaries of the major oil companies were forbidden from supplying and operating within the country. The Umtali refinery, without crude oil supplies, closed down in mid-January 1966.²²⁶ The solution for the marketing companies was to reshuffle its board of directors replacing, in the case of BP, British citizens with Southern Rhodesians within each of the shareholding companies.²²⁷ Similar corporate changes and reconfiguring of trade patterns also occurred in South Africa and Mozambique. In theory, each company operating in Southern Rhodesia became a Southern Rhodesian company. BP's Southern Rhodesian subsidiaries continued to operate as "directed companies under Rhodesian legislation."²²⁸ Steps such as these indicated a need to distance the parent company in London from Southern Rhodesia as much as possible. By reorganizing their administration, the major oil companies such as BP remained quietly active in the region, with the plan of weathering the crisis in hopes of returning to full capacity in the near future. Arrangements such as these raised serious questions over whether these

²²⁵ Shell/BP held the majority share at 50 percent, Mobil at 20 percent, Caltex at 20, and Total at 8 percent. Based on 1972 figures from "Company Performance Review, Countries –Rhodesia, Northern Botswana," memo from J.G. Francis to A.H. Sandford, 11 April 1972, BP 118397, 4.

²²⁶ Cite info.

²²⁷ "Central African Petroleum Refineries (Private) Limited," minutes of the ninth meeting of Board of Directors, 4 March 1966, BP 118351, 1-3.

²²⁸ Haslemere Group and Anti-Apartheid Movement. "Submission to British Government Inquiry on Allegations of Sanction-Busting by Shell and British Petroleum." 25 April 1977. RH/AAM MSS AAM 1754, 9.

companies adhered to UN sanctions. It did not take long before evidence to this problem surfaced.

One of the first discussions of sanction violations being conducted by land from South Africa involved the movement of petroleum products across the Beit Bridge (see Illustration 3). In February 1966, the South African press, more specifically the *Rand Daily Mail*, unveiled the transport of petroleum products from South Africa to Southern Rhodesia by way of the Beit Bridge.²²⁹ At the time of its publication, it only reached southern African readers and *mandatory* UN sanctions against Southern Rhodesia had not been implemented. At most, the issue indicated established supply routes from South Africa and got British oil companies not holding supply licenses into trouble. For non-British companies, the transport of oil across Beit Bridge may have tarnished their reputation. The topic emerged again ten years later in exposés regarding sanction violations by the major oil companies. The Beit Bridge connects South Africa and Southern Rhodesia over the Limpopo River, a couple hundred miles north of South Africa's Transvaal. On the South African side, a railroad operated, but it did not extend across the border until September 1974 (see Illustration 3).²³⁰ To measure the extent of the leakage, the British Embassy in South Africa set up a surveillance team at the bridge over a 24-hour period on 16-17 February 1966. Within one hour, they recorded several trucks and oil tanker trucks carrying gasoline, diesel, and kerosene (see Table 3).

After some investigation, UK officials in southern Africa in collaboration with the local affiliates of the major oil companies, determined the extent to which oil supplies

²²⁹ Haslemere Group and Anti-Apartheid Movement. "Submission to British Government Inquiry on Allegations of Sanction-Busting by Shell and British Petroleum." 25 April 1977. RH/AAM MSS AAM 1754, 15. Extracted from *Rand Daily Mail* [Johannesburg] (5 February 1966).

reached Southern Rhodesia. Across Beit Bridge, they estimated that roughly “thirty thousand gallons per day” went across by road in “painted out Shell and BP lorries.”²³¹ The oil supplies marked “Total” were believed to be CFP, or Total, origin, sold to agricultural cooperatives.²³² Shell estimated using South Africa’s custom’s reports that roughly 106,000 gallons crossed Beit Bridge per week in 1966, making the daily total around 8,000.²³³ By May 1966, the amount was suspected to have increased to 200,000 gallons per day.²³⁴ Beit Bridge serves as just one example out of many of oil supplies reaching Southern Rhodesia. Increasingly, by the mid-1970s, most recognized UN sanctions as completely ineffective. As a result, commitment by the world’s major powers, particularly the US and UK, toward sanctions waned.

²³⁰ Haslemere Group and Anti-Apartheid Movement. “Submission to British Government,”vv11.

²³¹ “Investigation into the Supply of Petroleum and Petroleum Products to Rhodesia –Evidence of Mr. J.A. Riddell-Webster,” 31 October 1977, IPR/BP 118325, 15.

²³² Memo from British Embassy (Cape Town) to British Foreign Office, 15 February 1966, PRO PREM 13/1137, 1.

²³³ Ibid.; Anti-Apartheid Movement’s information says 40,000 gallons per day were said to have been carried across by February 1966. Haslemere Group and Anti-Apartheid Movement. “Submission to British Government,” 15.

²³⁴ “Rhodesia,” memo to W. Fraser from unknown, 5 May 1966, BP 118351. Anti-Apartheid Movement contended that based on its 40,000 gallons per day estimate, a significant portion of Southern Rhodesia’s supplies were being met. Haslemere Group and Anti-Apartheid Movement. “Submission to British Government,” 15.

Early Morning, 16 February 1966

Time	Activity
2:45am	Lorry TDK 7136, 100 drums going north
6:00am	Tanker RV 1372, going north
6:00am	Tanker TAR 1589, going north
6:10am	Tanker trailer RBP 8353, going north
6:20am	Lorry TAR 1978 with trailer, 80 drums going north
6:20am	Lorry TAL 10695, 80 drums going north
6:35am	Lorry V2704 with trailer, 50 drums going south
7:25am	Lorry TCE 4844, 150 drums going north, drums stenciled "Total"
7:30am	Roadmaster RS8 4673, one tank, going north
7:30am	Lorry TCE 1913, 150 drums going north, stenciled "Total"
8:05am	Roadmaster, drums going south

Table 3: Petroleum Supplies across Beit Bridge²³⁵

African opinion criticized the UN for not expanding sanctions to include South Africa, the largest supplier of goods to Southern Rhodesia. The UN would only entertain discussions related to the supplying of arms, especially by the UK, to South Africa. The issue became complicated when allegations surfaced in 1971 that South Africa approached the UK for weapons and had not been flatly refused. According to the UK, Botha asked about supplying three Hawker Siddeley HS 125 civil aircrafts and four Buccaneer aircrafts.²³⁶ Nigeria knew about the possible arrangement and expressed its concern that *any* weapons supplied by the UK could be easily used by the South African government to oppress its African subjects or against other African countries.²³⁷ Behind

²³⁵ Memo from British Embassy (Pretoria) to British Foreign Office, 17 February 1966, PRO PREM 13/1137, 1-2. Petroleum traffic remained steady throughout the day, with a considerable increase during the early morning hours, as illustrated in Table 3. The pass closed daily between 8am and 6am. The "tank" (not to be confused with a tanker), was a 3,000 gallon storage tanks mounted on a heavy truck. The license plates indicate South African registration.

²³⁶ Memo from John Wilson to P. Moon, 9 July 1971, PRO FCO 36/793, 3.

²³⁷ "Second Oil Refinery in Nigeria," memo from Lawrence F. Hope to John Wilson, 9 September 1970, PRO FCO 67/403, 1.

closed doors in Nigeria, ideas circulated around the federal military government that if the UK decided to sell arms it might take actions that would have “maximum public impact but minimum harm to Nigeria,” such as closing British High Commission offices in Kaduna and Ibadan as opposed to seizing assets of British firms.²³⁸ Gowon faced substantial pressure to take decisive action, going against his moderate inclination and was reminded of the fallibility of his leadership. The federal commissioner of external affairs, Okoi Arikpo, issued an empty threat that Nigeria would take the lead in “quitting the [British] Commonwealth.”²³⁹ To African leaders, the UK’s consideration of arms to South Africa unveiled its support for apartheid.²⁴⁰ In the end, the UK treaded lightly around the issue and distanced itself from direct involvement in the supplying of arms. This did not, however, prevent UK-based firms, or other European countries, from meeting South African requests. From the UN’s perspective, the issue really concerned the resale of weapons to Southern Rhodesia.

Inquiries and Allegations

During the sanction period, numerous reports suggested not only that violations had been committed, but also in what manner. Reports from Southern Rhodesia during

²³⁸ “Selling of Maritime Equipment to South Africa,” 1970, PRO FCO 65/764.

²³⁹ President Kenneth Kaunda of Zambia also threatened to leave the British Commonwealth. For both countries, however, the negative consequences would be only on their part. Memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 24 February 1971, PRO FCO 68/313; Attitude of Nigeria to Foreign Policy of United Kingdom,” PRO FCO 65/7764, inter alia; “OAU Mission on Sale of Arms to South Africa,” PRO FCO 45/736.

²⁴⁰ “Arms for South Africa,” memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 8 August 1970, PRO FCO 65/764, 2.

the 1970s indicated that sanctions against it had not crippled the economy, but did create some level of inconvenience and sense of political isolation.

Newspaper articles with limited circulation in southern Africa became of interest to the international community at large. The more apparent it became that the sanctions accomplished little, the more people became interested in establishing why. More specifically, interested parties wanted to know what role Western governments and firms played. By the mid-1970s, reports with wider distribution and more rigorous research than ever before surfaced. In June of 1976, the Center for Social Action of the United Church of Christ (UCC) published a report claiming that “Mobil had, for many years, been evading US sanctions against Rhodesia.”²⁴¹ The report was based on just a handful of documents, 18 to be exact, retrieved from Mobil Oil (Rhodesia) and Mobil (South Africa). The beauty of the piece is that included are copies of the documents themselves, allowing the reader to see the exact wording of each memorandum from the two companies. The documents were collected and submitted to the UCC by an anti-apartheid group comprised of white South Africans.²⁴² The London-based Anti-Apartheid Movement (AAM) organization built upon the work of the UCC in its 1977 reports.²⁴³ The reports claimed that “BP was the first to breach [sanctions], followed by Shell and

²⁴¹ Bernard Rivers for Center for Social Action of the United Church of Christ (UCC), *Oil Conspiracy: An Investigation into How Multinational Oil Companies Provide Rhodesia's Oil Needs* (New York: Center for Social Action of the UCC, 1976). For gathering substantial and influential evidence on illegal trading with Southern Rhodesia, the UCC won a \$25,000 reward from the Peoples Bicentennial Commission on 21 June 1976. “The Following is the Text of a Press Statement Made by Jeremy Rifkin of Peoples Bicentennial Commission at Press Conference in Statler Hilton Hotel, Washington, DC, 2PM, June 21,” 23 June 1976, BP 113050, 1-3.

²⁴² Haslemere Group and Anti-Apartheid Movement. “Submission to British Government,” 15.

²⁴³ Bailey, *Shell and BP in South Africa*; Haslemere Group and Anti-Apartheid Movement, “Submission to British Government.”

the others.”²⁴⁴ These works retraced the supply chain of petroleum products of which BP and Shell took part and contended that the British government knew of these illegal activities.²⁴⁵ Both documents accused the major oil companies of knowingly engaging in the supplying of petroleum products to Southern Rhodesia through intermediaries in South Africa, using the port of Lourenço Marques.

The second outcome stemming from the swath of allegations regarding sanction violations was the launch of official, government investigations. The reports prepared by the AAM and UCC held a tremendous sway in structuring the cases because they provided original documents from the oil companies and concrete information that had yet to be effectively disproved. Through the Security Council Committee on Sanctions against Southern Rhodesia, the UN launched an inquiry on 2 July 1976. The committee listened to testimonies by both groups.²⁴⁶ A perfunctory examination by the US Treasury took place in 1977 over sanction violations by Mobil and Caltex, but the parent companies’ claims held sway over an already biased review board.²⁴⁷ Similarly, the British government launched the Bingham Inquiry to establish whether British oil companies, namely Shell and BP, violated sanctions.

²⁴⁴ Haslemere Group and Anti-Apartheid Movement. “Submission to British Government,”¹⁵ quoting Robert C. Good, *U.D.I.: The International Politics of the Rhodesian Rebellion* (Princeton: Princeton University Press, 1973), 127.

²⁴⁵ M.J.K. Savage, “Draft: Rhodesia –Review of Discussions with HMG,” 8 March 1977, BP 113050, 2.

²⁴⁶ Irene Winkelman, “Security Council’s Sanctions Committee Opened Inquiry on Oil Supplies to Southern Rhodesia on July 2,” 6 July 1976, BP 19840.

²⁴⁷ See United States Department of Treasury, *Treasury Investigation of Charges Made against the Mobil Oil Corporation* (Washington, DC: Department of Treasury, 1977-79). Shell and BP were also called in to provide evidence regarding illegal trading. “US Treasury Investigation,” memo from D.B. Walton to A.T. Gregory, 5 March 1980, BP 113050,1-2; “Oral Presentation by George A. Birrell, Vice President and General Counsel, Mobil Oil Corporation before the Subcommittee on African Affairs of the Foreign Relations Committee of the U.S. Senate,” 17 September 1976, BP 19849, 1-10.

The *Report on the Supply of Petroleum Products to Rhodesia*,²⁴⁸ or more commonly called the Bingham Report, was published in October of 1978. The published work reported the finding of Thomas H. Bingham and Samuel M. Gray, which investigated in October of 1977 numerous allegations regarding sanctions violations by British oil companies, namely Shell and BP.²⁴⁹ It is a document of some 500 pages that deals with the oil sanctions against Southern Rhodesia with regard to British oil companies and their subsidiaries. The commission's job also included determining whether branches of the British government were misled intentionally or otherwise. The companies agreed to comply, partially because of verbal promises made by the British government that the emphasis laid on corporate activities and not individual ones.²⁵⁰ The report was organized into fourteen chapters and an introduction, which set out the legal background and commercial oil activities regarding the UK, South Africa, and Southern Rhodesia spanning from just before UDI in 1965 to 1978.

The Bingham Inquiry focused on establishing the relationship between the parent company BP based in London and its "affiliates" in southern Africa. The Bingham Report concluded that BP neither conspired with other companies or governments to make Southern Rhodesia's UDI possible, nor worked to maintain it. It highlighted the basic problem that there was no way of preventing oil from reaching Southern Rhodesia entirely, particularly without applying an oil embargo on South Africa as well.

The majority of oil supplies to southern Africa originated from the ports of South Africa. Oil arriving at Mozambique supplemented the South African movement of

²⁴⁸ T.H. Bingham and S.M. Gray, *Report on the Supply of Petroleum Products to Rhodesia* (London: Her Majesty's Stationary Office, 1978).

²⁴⁹ The investigation was held at the Gillet House in London. See also Shell's statement on the report in "Press Release on the Bingham Report," 19 September 1978, BP 114614, 1-3.

²⁵⁰ BP memorandum used by the Bingham Commission is still indicated with tags throughout the files, which provided me with insight into what they viewed as useful for their case. The tags were not removed after the investigation and many of the files have not been reviewed since that time.

petroleum products. Thus, two countries who openly opposed the implementation of sanctions were the two sources of Southern Rhodesia's oil. This made the sanctions virtually ineffective. Patrolling only one of Mozambique's ports did little to improve the success rate. Also, the marketing arrangements in the region among the major oil companies was quite complex involving multiple handlers in many different countries. Added to which, Shell and BP remained in a long-standing arrangement requiring agreement by two of the world's largest oil companies on any decisions made. As a result, few people at the top of these companies held complete information of any depth about the established trade networks and any change in policy required a long chain of communication and compliance.

What became clear during an investigation of BP and Shell's operations in 1977 was that the British government had little understanding of the company's overseas activities despite holding a 50 percent share. Evidence indicates that at times the parent companies knew, and in some cases, controlled major activities by the companies in southern Africa; other times, however, they appeared to be completely in the dark about daily marketing operations. Also, the UK imposed sanctions on British companies, but not South African companies. With that in mind, BP (South Africa) as a South African company was not responsible for upholding UK legislation. Further, the report highlighted several gray areas in which a linkage existed, although this was regularly disputed and allegedly clarified by the oil companies.

Members of the UN such as Nigeria saw the UK as not only failing to prevent oil from reaching Southern Rhodesia, but also actively engaging in the trade. With the Beira Patrol, Nigeria posed the question: "who is policing the police?" Nigeria took it upon itself to actively enforce sanctions within its own capabilities. Nigeria also appeared to assume a linkage of its own oil industry to the petroleum products reaching Southern

Rhodesia. Whether the federal military government truly believed this and held evidence was never revealed, leaving only speculation that it was a conclusion used to stir up national support. Newspaper stories translated the outcome of the Bingham Report into a more dramatic treatment than the international press with rumors of Nigeria's oil reaching South Africa, and then Southern Rhodesia. For example, a front-page article in *Sunday Punch* attempted to outline how Nigeria's oil reached Southern Rhodesia. The article states that "crude oil from Nigeria oil fields is sometimes carried surreptitiously to be refined in South Africa and sent to oil the murderous war machine of rebel Ian Smith."²⁵¹ The publishing of the report also coincided with the usage of oil as a political tool within and outside Nigeria. Under the leadership of Obasanjo, Nigeria engaged in a rigorous campaign regarding the trade of its oil to southern Africa.

Nigeria's Oil Restrictions

Starting in 1977, Nigeria took a keen interest in the trade of its crude oil. Obasanjo made a compelling speech at the opening of the World Conference for Action against Anti-Apartheid on 23 August 1977.²⁵² He stressed that Nigeria would not tolerate foreign companies operating in Nigeria having links to South Africa. He remarked that transnational companies contributed to the "evil machinery" of apartheid and welcomed the UN's plans to regulate their activities. Nigeria would no longer deal with businesses that "are party to the system that holds our brothers and sisters in southern Africa in

²⁵¹ "Nigeria's Oil for Ian Smith?" *Sunday Punch* [Ikeja] (1 May 1978), 1.

²⁵² Olusegun Obasanjo, *No Compromise with Apartheid*, speech at the World Conference for Action against Apartheid, Lagos, 22-26, 1977.

bondage.”²⁵³ With this new ambition, Nigeria’s government officials began probing into the comings and goings of ships calling at its ports. In the late 1960s, Nigeria had added into oil contracts a clause prohibiting the shipping of its crude oil to South Africa and Southern Rhodesia. On 1 December 1971, Nigeria placed several countries on a list of prohibited destinations including Southern Rhodesia, Portugal, and South Africa among others.²⁵⁴ But, Nigeria’s crude oil typically did not travel southward and Nigeria lacked the capabilities to enforce the prohibition. As a consequence, the clause was nearly forgotten by the companies and the government.

In 1979 Nigeria became highly concerned with where ships had been prior to their arrival at Nigeria and where they traveled to after departing. It resurrected the list of prohibited countries and started making inquiries with the major oil trading companies – namely BP and Shell. Aside from following through with its commitment to block companies dealing with Southern Rhodesia and South Africa, Nigeria also appeared interested in simply whipping the companies into a panic. The direct linkages between Nigeria and southern Africa hinged primarily on mutual ties to Britain and British firms. Nonetheless, details such as these did not stifle Nigeria’s determination. The move to monitor the ports of call and the destinations of the oil tankers lacked clear planning and policy cohesion, making the entire endeavor confusing for all involved. At the same time, the process proved highly effective in pursuing Nigeria’s objective of receiving praise for its ability to roust out “evil” companies.

²⁵³ Obasanjo quoted in “Anti-Apartheid Conference,” memo from Shell (London) to BP (London), 23 August 1978, BP 4821.

The narrative of events presented within the secondary literature tends to remain focused on events in southern Africa and Nigeria's public reaction to them, which results in a leap in time from late 1978 to the nationalization of BP in July 1979. Aluko's work, however, brings into focus the Nigeria's attempt to monitor and restrict its oil trade and highlights the events taking place within that time frame. His work is the only published one of its kind in its description of the debacle involving the oil vessel *Kulu*.²⁵⁵ Building on the early work of Aluko, this section tells the little-known story of how Nigeria tried to enforce UN sanctions from its ports.

Ports of Call and Crude Oil Destinations

During the 1970s, Nigeria desperately tried to gain control over its industry, but faced a myriad of obstructions including weak infrastructure, lack of its own trading networks and vessels, and a shortage of skilled workers. As discussed in Chapter 1, Nigeria was in a period of major transition and was just starting to correct problems of this nature. Participation decrees, the formation of a state-owned oil company, and negotiations to bridle oil revenues had all been in the works during this period. In the area of shipping and trade, however, Nigeria had not significantly progressed. Nigeria did not have the shipping capabilities to shuttle its own oil around the world. In 1976 it bought tanker from a Yugoslavian firm. The *Oloibiri's* operations included taking Nigeria's crude

²⁵⁴ While South Africa and Southern Rhodesia remained on the lists, the addition of Israel and the removal of Portugal altered the list on 30 September 1976. Memo from Shell (London) to BP (London), 24 March 1979, BP 125365.

²⁵⁵ Olajide Aluko, "The Nationalisation of the Assets of British Petroleum," in *Essays on Nigerian Foreign Policy*, Olajide Aluko, 212-230 (London: George Allen & Unwin, 1981).

oil from Forcados to a refinery located in Curaçao, in the West Indies.²⁵⁶ For the large-hauls and major foreign contracts, Shell and BP remained the primary conductors for Nigeria.

Nigeria's newspapers published reports in 1978 that linked its oil industry to the petroleum being supplied to Southern Rhodesia. Regardless of their level of accuracy, it set in motion Nigeria's quest for rousting out bad oil companies from its industry. Nigeria, of all countries, wanted to ensure that no connection to South Africa and Southern Rhodesia existed. The largest producer and trade of Nigeria's crude oil, Shell-BP, attempted to disprove the news reports in May 1978 by producing destination lists and quantities loaded and discharged.²⁵⁷ Perhaps this response gave the NNPC the idea of checking the ports of call and destinations of all ships entering Nigeria's territorial waters.²⁵⁸ Taking no further action, the matter seemed closed for several months.

An extremely damaging and provocative article by Platts dated 31 January 1979, forced the issue of ports of call and destinations open again. The article, titled "South African Reported in Secret Supply Arrangement with Nigeria," claimed that Nigeria had entered into a secret agreement with South Africa to supply crude oil.²⁵⁹ Unlike Gowon, who tended to give Shell-BP the benefit of the doubt, Obasanjo became outraged at the potential embarrassment it could cause. To add salt into the wound, so to speak, the oil companies seemed disaffected and heeded no caution. Within the next two months,

²⁵⁶ Federal Ministry of Information, "News Press Release –Nigeria Launches into Oil Tanker Business," 21 July 1976, 1-3; Federal Ministry of Information, "News Press Release –Brigadier Yar 'Adua Goes on Board Nigeria's First Oil Tanker," 1 November 1976, 1-2.

²⁵⁷ "Nigerian Press and Rhodesia," memo from Shell (London) to BP London, 5 May 1978, BP 4821.

²⁵⁸ Memo from Shell (London) to BP (London), 23 April 1979, BP 125365, 1.

²⁵⁹ Platts Oilgram News, "South Africa Reported in Secret Supply Arrangement with Nigeria," *Platts Oilgram News* 57, no. 22 (31 January 1979), 3.

Nigeria caught BP-chartered ships violating Nigeria's prohibition list. At the port of Forcados, *Esso Portland* flying a Liberian flag called at Cape Town to collect postal mail via helicopter before calling at Nigeria en route to New York. Another vessel, *Erviken* bore a Norwegian flag and called at Durban en route to Trieste, France. Both vessels were BP nominated, one for NNPC cargo, and were released without much hassle.²⁶⁰ Another ship, the *SS Jumbo Pioneer*, arrived at the port of Brass and was an Israeli tanker.²⁶¹ While individually, these slip-ups caused no harm; but, with so many in such a short time Obasanjo felt action need to be taken.

On 12 March 1979, the NNPC issued a memo to all oil-producing companies operating in the country stating the following:

This is to inform that we would like to you to furnish us with the following documents in respect of your crude oil liftings *from* Nigeria of both equity and long-term purchase since October 1978:

1. Certificate of cargo discharge indicating the port of discharge.
2. Out-turn figures at port of discharge.
3. Certificate of honour that your company has, *at no time*, shipped or allowed Nigerian crude to be shipped to any of the prohibited destinations mentioned above and as contained in the sales agreement between you and NNPC.²⁶²

Shell-BP's response was not only to gather information and evidence, but also to create retroactively letters between BP and other oil companies borrowing emphasized phrasing from those prior agreements drafted by the NNPC. The clause (agreed upon by the oil companies entering into a contract) stated,

²⁶⁰ Memo from Shell (London) to BP (London), 23 April 1979, BP 125365, 1-2.

²⁶¹ Memo from Shell (London) to BP London, 13 March 1979, BP 125365, 2.

²⁶² Memo from Shell (London) to BP London, 13 March 1979, BP 125365, 1. Italics mine.

We hereby state that Nigerian crude oil to be lifted by this company will not be shipped by it to any of the prohibited destination set out in the sale agreement between NNPC and this company.²⁶³

Shell-BP spent the next couple of months analyzing the clause above for ways to prove adherence with it and integrate it into the requested “certificate of honour.” Also, the company had to promise to “a solemn undertaking” in the future of preventing oil from reaching prohibited countries. In preparation, Shell-BP spent time hatching out what their response would say focusing on a deliberate balance of using exact phrasing expressed by the NNPC, while maintaining ambiguous language that it committed to little, prevented further probing, and made no promises about the past that could not be met.²⁶⁴ More specifically, Shell-BP wanted to avoid the key wording of “pledge” and “honour” requested by the NNPC. Nigeria wanted the oil companies to commit to an “unlimited undertaking” in the prevention of supplies reaching the prohibited countries, dating back to October 1978. On that promise, Shell-BP wrote that “if Fawibe is really after an unlimited undertaking in respect of the past, then we have a problem.”²⁶⁵ Shell-BP felt it needed to leave wording open because no shipper could absolutely guarantee that Nigeria’s oil would not be delivered by a distant third party to a prohibited destination. In the case of oil that goes through Shell-BP to the US, Shell-BP had no control because the US had passed anti-embargo legislation.²⁶⁶ While scrambling to meet the demands made by the NNPC in March 1979, another debacle regarding an oil vessel developed. The

²⁶³ Memo from Shell (London) to BP London, 20 March 1979, BP 125365.

²⁶⁴ This discussion spanned over several memos between Shell and BP, see those from BP 125365 between early March 1979 and May 1979.

²⁶⁵ Memo from Shell (London) to BP (London), 14 March 1979, BP 125365, 2.

²⁶⁶ Ibid.

debacle involving the *Kulu* vessel chartered by Shell-BP raised several issues regarding the feasibility and intentions of Nigeria's mission.

Date	Activity
29 August 1978	Loaded 212,000 tons at Forcados terminal, Nigeria
16 September 1978	Discharged 212,000 at Genoa, Italy; Lavera terminal, France.
12 October 1978	Loaded 214,000 at Forcados
24 October 1978	Discharged 214,000 at Genoa and Lavera
1-30 December 1978	Traveled through Suez Canal and waited off Kharg Island, Iran until it loaded 144,000 and 66,500 at Al Bukoosh terminal, United Arab Emirates
18 January 1979	Discharged 210,500 at Ain Sukhna, Egypt
9 February 1979	Loaded 98,000 at Umm Said terminal, Qatar and 112,000 at Das Island, United Arab Emirates
27 February 1979	Stops at Cape of Good Hope for repairs and mail collection
19 March 1979	Discharged 210,000 at Lavera
31 March 1979	Loaded 210,000 at Sidi Kerir, Egypt
10 April 1979	Discharged 210,000 at Lavera
5 May 1979	Attempted to load at Bonny terminal, Nigeria

Table 4: *Kulu* Vessel²⁶⁷

The Kulu Vessel

In the summer of 1979, a peculiar event took place involving the scheduled arrival of an oil tanker, *Kulu*, for loading at Nigeria's Bonny terminal on 30 April 1979.²⁶⁸ The popular narrative on the incident largely follows that of the local newspapers. When it actually happened and how it was resolved, however, are not addressed. In the papers, *Kulu* became an example of how the UK and BP engaged in trickery and deceit all in an

²⁶⁷ *Kulu*," memo from Shell (London) to BP (London), 3 May 1979, BP 4822, 1.

²⁶⁸ "S'African Tanker Detained," *Nigerian Tide* [Port Harcourt] (18 May 1979), 16.

attempt to assist the white-minority regimes in southern Africa. Using evidence from archival material, I complete the narrative and illustrate how catching vessels like *Kulu* was part of a deliberate trap. This allowed the federal military government to force the emergence of a pattern of violation in preparation for nationalization.

The fiasco started with *Kulu* arriving unexpectedly. The ship master, Ian Kemp, had been detained in Port Harcourt since the evening of 3 May 1979.²⁶⁹ After Nigerian officials discovered South African crew members on board, the loading was allowed to continue, but the tanker was not allowed to sail.²⁷⁰ Buhari saw the *Kulu* fiasco as a genuine mistake, but that government officials around him saw it as evidence of BP's blatant disregard for Nigeria and the company's failure to take Nigerian policies seriously.²⁷¹

To handle the matter, a military administrator for federal military government, Commander Suleiman Sa'idu set up a four person panel to review the case as quickly as possible.²⁷² The panel was composed of two police officers and two civil servants, one of which served as the committee chairman.²⁷³ The committee expressed concern that the ship "slipped into Bonny to lift a quick cargo in a few hours for ports southwards

²⁶⁹ "Kulu," memo from Shell (London) to BP (London), 8 May 1979. The memo quotes in entirety the original message sent by Ian Kemp, the British ship master of *Kulu*, to the British High Commissioner in Lagos by way of Elder Dempster's Courier.

²⁷⁰ "Kulu: From Holmes Lagos," 3 May 1979, BP 4822, 1.

²⁷¹ "Meeting with Buhari/Kulu," memo from Shell (London) to BP (London), 15 May 1979, BP 4822, 1.

²⁷² BP official based in Nigeria described Sa'idu as a "tough Navy man from Zaria, who also speaks good Arabic," "Kulu," memo from Shell (London) to BP (London), 5 May 1979, 1.

²⁷³ A BP official in Nigeria described the panel: "The chairman...is bright, but the other three do not give much of an aura of either intelligence or urgency. They are obviously groaning under the whip of the military administrator's energy, and look upon their present task with suspicion and distaste." "Kulu," memo from Shell (London) to BP (London), 5 May 1979, 1.

[meaning South Africa].”²⁷⁴ BP (Nigeria) relayed the information to BP (London), adding:

Bearing in mind Nigeria and especially Yoruba propensity for seeing plots in everything, and with the background of Bingham, such reasoning is at least understandable.²⁷⁵

Although the conclusion drawn by the committee was largely inaccurate, the suspected events surrounding the vessel generated some attention.

The story first broke in Nigerian newspapers on 12 May 1979, with a front page article in the *Daily Tide*. The press release effectively reached the public almost two weeks after the fiasco.²⁷⁶ BP in Lagos described the paper as making no mention of Shell-BP or BP and was “mostly inaccurate.”²⁷⁷ Overall, the story did not create the level of public outcry that BP feared. In part this was because S.M. Akpe, the General Manager of Sales for NNPC, issued a controlled press release on the issue, intentionally protecting Shell-BP. Despite his attempts, more accurate information linking BP to the tanker emerged in articles published throughout the summer.²⁷⁸ Nigerian officials warned that this incident marked the last time the Nigerian government would be lenient and another

²⁷⁴ “Kulu,” memo from Shell (London) to BP (London), 5 May 1979, 1.

²⁷⁵ “Kulu,” memo from Shell (London) to BP (London), 8 May 1979, BP 4822.

²⁷⁶ “South African Ship Now Detained,” *Daily Times* [Lagos] (17 May 1979), 4.

²⁷⁷ In fact, BP commented that more space was devoted to an unrelated, but amusing story regarding a dispute between Nigerian Airways and the Lagos Airport Authority, which resulted in personnel from the airport deflating the tires of a commercial plane getting ready to take on passengers. Memo from Shell (London) to BP London, 15 May 1979, BP 4822.

²⁷⁸ “Oil: We Must Watch the Multi-National Firms,” *Daily Times* [Lagos] (17 June 1979), 7. According to this article the offense committed by BP’s tanker was that it was of South African origin and its previous port of call was Cape Town.

such incident would be met with punitive action such as the revision of participation agreements.²⁷⁹

As punishment to BP, the Nigerian government publicly claimed that it would take the vessel's crude oil under NNPC ownership and sell it in a spot sale to an unrelated company of its choosing and the *Kulu* would return to the sea empty.²⁸⁰ According to Aluko, the Nigerian government seized the crude oil from BP, amounting to over 1.5 million barrels and reduced the company's future take on crude oil by one-third.²⁸¹ It was also believed that Nigeria confiscated the cargo and sold it for \$30 per barrel on the spot market, when the world price on the future market was \$18.²⁸² However, behind the scenes some, if not all, crude oil appears to have simply moved from one BP chartered tanker to another, allowing it to proceed with its trading commitments. BP instructed another ship, British *Reliance*, to stand off at Bonny (outside territorial waters) and await further instruction regarding a cargo transfer. Knowing that the cargo could not go from *Kulu* to a BP owned vessel such as the *Reliance*, it made a request to the company's shipping department for the dispatch of another ship chartered by BP called *World Hero*, which was due at Bonny within the next few days. This ship loaded the *Kulu* cargo and departed without problem by the end of May because it adorned a Liberian flag and was Greek owned.²⁸³

²⁷⁹ "Kulu," Memo from Shell (London) to BP London, 14 May 1979, BP 4822.

²⁸⁰ "S'African Tanker Detained," *Nigerian Tide* [Port Harcourt] (18 May 1979), 16.

²⁸¹ Aluko, "The Nationalisation," 225; see also "Another Racist Tanker Arrested," *Daily Times* [Lagos] (21 May 1979), 3.

²⁸² "Running BP Will Get You Nowhere," *The Star* [Johannesburg] (2 August 1979), 27.

²⁸³ "Text of Telex to Holmes, Lagos," 10 May 1979, BP 4822.

The story of the *Kulu* vessel raises several important issues regarding Nigeria's plan of monitoring the ports of call and destinations of oil tankers. First, the relaying of the events from March 1978 to May 1979 given above has been streamlined for clarity. In actuality, Nigeria's carrying out of its mission unfolded piece by piece in a highly disorganized manner. No prior consensus was taken as to how far back the oil companies needed to produce their lists, with the deadline undergoing several changes. Also, the NNPC gave no clear indication as to the temporal distance required from when an oil tanker may have called at South Africa –what if a tanker nominated to carry Nigeria's crude oil had called at Cape Town two years ago? For example, in Table 4, the *Kulu* vessel stopped (not called) in South Africa six months prior to its arrival. And, according to the schedule it never technically “called” at a port in South Africa; instead, it received supplies and postal mail via helicopter outside of South African territorial waters. Until clarified in May, Shell-BP went with a ship clearance period of six weeks. These details remained unclear because Shell-BP determined the best strategy was to ask few questions, in fear of suggesting new, strict measures. And, to what extent were the major oil companies operating in Nigeria responsible for independent trading companies, which they chartered? No comprehensive policy regarding neither the depths of responsibility, nor punishment for infraction was developed by Nigerian officials.

Second, the implementation and enforcement of Nigeria's mission proved a challenge. The changing of crews and shifting of supplies could have been done through the use of helicopters. In fact, when the ports of call issue emerged, a memo between Shell and BP emphasized that they needed to,

...ensure that future contacts in South Africa which are only by helicopter are not repeat are not logged... (Marine experts will no doubt say the log is sacrosanct, but difficult situations need difficult solutions)....²⁸⁴

In essence, Shell and BP did not necessarily alter their activities, particularly with South Africa, but looked for solutions to circumvent them. With growing levels of economic decline and corruption in Nigeria, this became an easy proposition. When the British vessel *Reliance* arrived and anchored off Bonny in May 1979, Nigerian customs and immigration officials visited to inspect the ship's log and supplies for any evidence of visiting or trading with South Africa. While reviewing the log book, officials found that the ship had last called to Cape Town on 18 March 1979, which violated the Nigerian ordinance. Having given the officials bottles of whisky and cartons of cigarettes, as well as discounted prices in the ship's bond store of imported items, the ship was cleared inward and outward allowing it to load crude oil.²⁸⁵

Also, in early May 1979, Nigeria alerted the oil companies that it was to apply "a new practice of separate inward and outward clearance," which included the vessel's master paying a gratuity prior to outward clearance being given.²⁸⁶ The idea of the practice was to also speed up turnaround time for ships, which posed a problem to companies such as BP who struggled to find "untainted" ships that had not visited South Africa within the last six months. For Nigeria, this upped the political upheaval surrounding oil shipping and South Africa as well as opened opportunities for Nigeria to catch companies in violation for publicity or financial bonuses. It became apparent that

²⁸⁴ "Kulu," memo from Shell (London) to BP (London), 17 May 1979, BP 4822, 2.

²⁸⁵ Memo from Shell (London) to BP (London), 14 May 1979, BP 4822.

²⁸⁶ Ibid.

the regulatory measures became a financially opportunistic venture for Nigerian officials working the ports as well. Exchanges such as this between foreign oil companies and Nigerian officials lend little confirmation that regulatory efforts by Nigeria were fully applied or respected within all levels of government. Further, they suggested that the mission leaned heavily toward being an opportunistic venture. This perspective stemmed from Nigeria's supposition that its oil was traded by the oil companies to South Africa.

Destination South Africa?

What has been difficult to ascertain from the available literature is how much oil from Nigeria actually ever went to South Africa between 1965 and 1980. Statistical evidence on South Africa's imports is scant and would require inquiries into the trading practices of specific oil companies, which is difficult to do. What we do know is that the likelihood of its happening or Nigeria being able to trace it is marginal. We also know that Nigeria had been struggling to find answers regarding the disappearance of crude oil.

At the time, Nigeria failed to get a handle on embezzlement within the NNPC's subsidiaries and the theft and smuggling of its petroleum out of the country. In May 1979 two employees of NOLCHEM were charged with stealing over ₦250,000 from the company.²⁸⁷ The theft and smuggling appeared to include only small, local Nigerian traders crossing into Benin and fraudulent, private shippers taking advantage of weakly guarded ports.²⁸⁸ In 1971 the Nigerian government accused companies of exporting oil

²⁸⁷ "Two Oil Omen in Court," *Nigerian Tide* [Port Harcourt] (4 May 1979), 1.

²⁸⁸ There are numerous newspaper articles during the 1970s that cover this problem. See, for example, "Petrol Smuggled out of Nigeria: Border Pirates Warned," *Daily Times* [Lagos] (29 March 1975), 28.

from which no royalties were paid.²⁸⁹ And, in 1978, several oil tanker drivers were questioned for assisting in the smuggling of oil across borders.²⁹⁰ Nonetheless, people sought an answer to the disappearing crude oil and without surprise the major oil companies faced heavy accusation. Thus, the concern over Nigeria's crude oil being sent to southern Africa by way of trickery was built upon previous general problems of, perhaps, unrelated theft.

But, did Nigerians have a basis for linking oil theft to southern Africa? No evidence in BP's archival materials suggested that trade in that part of the world went any other direction than clockwise around Africa. It was an efficient pattern long established by early African and European seamen. The *Kulu* vessel in Table 4 provides a basic example of this clockwise route –Iran south to Egypt and South Africa and then northward to Nigeria and on to Western Europe. Among a long list of questions posed during the Bingham investigation conducted in 1977, one pertaining to Nigeria was particularly interesting:

Q41 There have been reports that Nigerian oil has been reaching Rhodesia –can you confirm this?

A41 Oil logistics generally require Nigerian oil to move North to West, not South and East, so it is an unlikely requirement. We would avoid it anyway –and I gather Nigerians have prohibited it, just in case.²⁹¹

Evidence gathered regarding shipping routes agrees with this answer. The reason for this has to do with fundamental laws of ocean current and wind patterns that make traveling

²⁸⁹ Adamu Ciroma, "Oil Business –Are the Firms Exporting More Oil Than They Pay for?" *New Nigerian* [Kaduna] (5 March 1971), 3.

²⁹⁰ "Oil: ₦4m Lost," *Sunday Tribune* [Ibadan] (16 July 1978), 1.

against the flow difficult, dangerous, and certainly not cost effective. When discussing oil tankers weighed down by hundreds and thousands of tons of crude oil, this is a major concern. Why direct crude oil from Nigeria down to South Africa, when oil was readily accessible from the Middle East, barring political ruptures in the region from time to time. But, this information did not stop Nigeria from claiming that its oil did travel to South Africa. And, this line of argument was used in the nationalization of BP in 1979.

At the announcement of nationalization, the managing director of the NNPC mentioned that if the UK allowed for the shipment of oil to South Africa, BP might be required to break its agreements with Nigeria and ship its oil southward. And, as a justification for not nationalizing BP's share in the LNG project, it claimed that BP would not, for reasons unspecified, be able to ship LNG southwards.²⁹² Surely, Nigeria's head of state and his military council would have made this basic fact about shipping known. It begs the question, then, of why Nigeria continued to use this line of argument? The accuracy of it was not of major concern because presumably the oil was being stolen and snuck out of Nigeria's ports anyhow. Also, the effectiveness of using this claim to rally public support, most likely, outweighed the truth.

Exploring New Perspectives

As this chapter has illustrated, plenty of egregious situations and botched measures occurred, which could have influenced Nigeria to take retaliatory action against the UK. For starters, the UK remained a quasi-ally to Southern Rhodesia, as illustrated in

²⁹¹ Questions posed by T.H. Bingham and S.M. Gray to C.C.F. Laidlaw, 31 October 1977, BP 114614.

its lack-luster Beira Patrol and weak attempt to comply with UN sanctions. Also, the UK approached the negotiation table with Southern Rhodesia several times only to return no closer to settlement. The UK effectively allowed the situation to deteriorate within the country because of its preference for an “internal solution.” Finally, the UK refused to place pressure on the source of Southern Rhodesia’s economic and military strength – South Africa. Indeed, the list of Nigeria’s grievances against the UK is long, with many of the entries reaching back decades to its own colonial past. Yet, when we start to ask questions regarding why Nigeria chose to make its move against the UK, through BP, in 1979, the foreign policy reason does not satisfy.

Works on the nationalization of BP focus almost exclusively on reasons that pertain to Nigeria’s foreign policy initiatives in southern Africa. As this chapter has demonstrated, evidence from sources outside of the Nigerian government and press has revealed the shortcomings of these conclusions. Within this project, the primary thesis has been to propose a new perspective based on economic nationalism as a window into not only the nationalization of BP, but also Nigeria’s oil history as a whole the 1970s. The key to assessing the nationalization is to place it within the context of Nigeria’s economic policy. Doing so addresses head-on the questions of why BP and why 1979. In looking at Nigeria’s economic history the reason for choosing to nationalize BP is clear. Nigeria viewed BP as a tool of the British government. BP represented one of the most expansive and lucrative oil companies as well as one of the few remaining large British firms of any kind operating in the country. Its days as a foreign marketing company in Nigeria were numbered. UK officials saw the nationalization of BP as an attempt in 1979 for Obasanjo

²⁹² “Nationalisation,” memo from Shell (London) to **BP** (London), 31 July 1979, BP 4823, 1.

to leave his post in a blaze of glory and implement a decree that his successor would not dare reverse. These ideas only scratch the surface of what new information emerges from applying the perspective of economic nationalism, as illustrated in the proceeding chapter.

Chapter 4: Rebuilding the Narrative

The popular narrative regarding Nigeria's nationalization of BP relies on the premise that the federal military government under Obasanjo used oil as a weapon to punish the UK. Indeed, Nigerians harbored a sense of disdain for the UK based on its own experiences in addition to the empathy it felt for Africans in southern Africa. In the previous chapter, Nigeria made a series of ambiguous threats regarding the failure of sanctions, fair elections in Southern Rhodesia, and the ending of apartheid in South Africa. One year prior to the nationalization of BP, Nigeria began scrutinizing the journeys of foreign oil tankers, primarily commissioned by BP, to ensure that its ban on South Africa was respected. Catching oil companies in violation made for compelling headlines. A close examination of the popular narrative reveals gaps and exposes several questions about the nationalization that are unanswered. The nationalization fits into the trend of nationalist economic policy and the theoretical framework of economic nationalism.

This chapter deconstructs the popular narrative to expose the context and motivations within domestic economic policy. These modifications occurred through the implementation of decrees and development plans by successive federal military governments. The 1970s marks the height of Nigeria's intended economic revolution from a neocolonial state to a financially independent one. After addressing how the federal military government used economic policy to foster nationalism, we turn our attention to how nationalism, in its various forms, influenced economic policy. As much as the federal military government tried, ethnic and religious nationalism continued to

thrive. Within Nigeria, ethnic, religious, and regional affiliations took precedence over identifying oneself with the colonial-constructed country of Nigeria. The nationalization of BP, and others like it, is wrapped up in this tension.

Deconstructing the Narrative

Within the secondary literature, the nationalization of BP is placed almost exclusively in the political context of southern Africa. It represents a bold, courageous act by Nigeria with the intent of embarrassing and punishing the UK. Indeed, Nigeria's commitment to the liberation of southern Africa remains a highpoint of its national history. Even under a military regime during an economically turbulent time, Nigeria still shined. Within these works, the details of Nigeria's involvement within the OAU and its public declarations of not being afraid to use oil as a weapon are documented with great detail. But when it comes to the nationalization of BP, the particulars are less clear.

Two reasons account for this. First, the reasoning behind it was neither presented clearly by the government, nor easily identifiable within the given context. This raises questions as to the honesty of Nigeria's claims and the idea that better conclusions can be drawn by looking beyond southern Africa. And, the ambiguity gets repeated within the secondary literature as scholars continue to rely solely on government-issued statements and the Nigerian media, which, too, prints messages released by the government. Second, the nationalization as an event was quickly overshadowed by Nigeria's transfer to democratic rule, which was completed in October 1979. In this section, the popular

narrative leading up to the nationalization is deconstructed, exposing the discontinuities and omissions presented within the literature and clearing space for new interpretations.

Before moving into the myriad of reasons that have been presented relating to southern Africa, two important clarifications need to be made. First, most secondary works use the corporate name “BP” quite loosely without taking into consideration the differences between BP’s parent company based in London, and the wholly-owned or affiliated subsidiaries based locally. When discussing nationalization, these distinctions are important. They say something about the company’s country of allegiance, composition of management and employees, and the company’s unique mission statement.²⁹³ Also, “BP” was involved in all aspects of Nigeria’s oil industry through various joint-ventures and subsidiary or affiliated companies. For example, BP (London) held a 50 percent share in the joint-venture production company Shell-BP Petroleum Development Company, based in Port Harcourt. When Festus Marinho made his declaration that Nigeria intended to “increase its participation to 100%” in Shell-BP and BP (Nigeria), he chose his words carefully.²⁹⁴ Nigeria did not take over all aspects of the oil industry belonging to BP or its subsidiaries and affiliates. He explicitly stated that the Nigerian government would take BP’s share in Shell-BP and all of BP (Nigeria), the marketing company and BP subsidiary. Several activities in which BP was involved were not touched (see Chapter 4).

²⁹³ The same holds true for BP’s operations in southern Africa, only on a larger, more complicated scale. For this reason, determining whether sanction violations and who could be held legally responsible became nearly impossible for those compiling evidence for the Bingham investigation.

²⁹⁴ “BP Nigeria,” memo from Shell (London) to BP (London), 30 July 1979, BP 4823.

Within the secondary literature, these corporate distinctions are generally absent. Akiba, for example, writes that Nigeria nationalized Shell-BP.²⁹⁵ Without clarifying his usage of “nationalization” and the corporate composition of Shell-BP in this statement, he has misled his readers into thinking that Nigeria took over all of Shell-BP’s assets. The bulk of the secondary literature simply says that Nigeria nationalized BP, without making any distinctions over which companies and what areas of the oil industry were actually affected. Marinho targeted *some* of BP’s operations in Nigeria, not all. In addition to the marketing company and its share in Shell-BP, BP (London) also participated in a newly developed liquefied natural gas project, crude oil refining at Port Harcourt, and a processing scheme with the French company, Total. By no means was BP “kicked out” of Nigeria for bad behavior with no hopes of returning. After nationalization, BP also continued to provide technical assistance to Nigeria’s state owned oil company.

The second clarification to make here requires us to revisit Marinho’s statement. He never used the word nationalization and, instead, called for an “increase its participation to 100%” in Shell-BP and BP (Nigeria).²⁹⁶ Because the message he sent to BP regarding their change in status only exists within BP’s archives and has only recently become available, it has never been mentioned within the secondary literature. He deliberately used the term participation and emphasized that it was not nationalization in the popularly understood sense of an immediate and total removal of BP from Nigeria’s oil industry. In other words, he pressed BP to see the transfer of control as routine economic policy in line with other “participation” decrees as opposed to a hefty political

²⁹⁵ Akiba, *Nigerian Foreign Policy*, 155.

²⁹⁶ “BP Nigeria,” memo from Shell (London) to BP (London), 30 July 1979, BP 4823.

message. This issue is discussed in more detail in the following chapter, but is important to highlight here.

The narrative presented in the previous chapter reflects the process of compiling and synthesizing those offered within secondary works. The area of discontinuity between narratives emerges when discussing the year of the nationalization, 1979 and, more specifically, what spurred Nigeria into action. Several causes have been put forward. Attributing it to Southern Rhodesia (Zimbabwe), Akiba writes that Nigeria nationalized Shell-BP in response to Prime Minister Margaret Thatcher's announcement that the UK would be lifting economic sanctions against Southern Rhodesia.²⁹⁷ Onoh writes that Nigeria nationalized BP in response to the Thatcher's "*de facto* recognition of the minority government in Zimbabwe." He attributes the short timetable for Zimbabwean independence to Nigeria's political based action.²⁹⁸ These represent only a sample of works that mention only Southern Rhodesia (Zimbabwe); there are equally as many that link the nationalization to South Africa.

Several scholars explain the nationalization as stemming from the sale of oil to South Africa, which was the reason presented by Marinho to BP in July 1979. A newspaper editorial suggested that to see the nationalization as anything other than the official explanation was accepting Western attempts at "blackmail, pure and simple."²⁹⁹ Nicolas J. Spiliotes suggests that the nationalization occurred in response to "BP setting

²⁹⁷ Akiba, *Nigerian Foreign Policy*, 155.

²⁹⁸ Onoh, *The Nigerian Oil Economy*, 123-4.

²⁹⁹ "Editorial: Nigeria Won't Stand for Blackmail," *Nigerian Tide* [Port Harcourt] (11 August 1979), 3. The use of the term "blackmail" is in reference to Lord Carrington's response to the nationalization of BP. He remarked that Nigeria's action was nothing more than blackmail and that it has severely damaged Nigeria and the UK's relations. "Row over BP," *Daily Times* [Lagos] (8 August 1979), 7.

up swap arrangements with its North Sea and Nigerian oil, enabling it to sell to South Africa.”³⁰⁰ Nigeria and other OPEC members maintained a ban on the sale of their crude oil to South Africa. According to the Nigerian government, they exposed an arrangement whereby BP and Conoco, an oil company based in the United States, would exchange crude oil from Nigeria for North Sea oil. The oil from the North Sea would be diverted to South Africa, while Nigeria’s crude oil would go to European markets.³⁰¹ The UK’s response was that oil reaching South Africa came from neither Nigeria nor the North Sea.³⁰² Within the South African press, the situation was told quite differently. According to the *Cape Times*, Nigeria agreed to secure oil supplies for South Africa through Middle Eastern middlemen to maintain supplies amidst the Iranian Revolution.³⁰³

With the ban in place, BP (London) had allegedly found it difficult to meet the amount demanded by South African consumers.³⁰⁴ Spiliotes derived his conclusion from a government-issued press release. Many works, however, present the nationalization as partially about South Africa and partially about Southern Rhodesia, which highlights the ambiguity. In an overview chapter on Nigeria’s growing participation in the oil industry, Obi and Soremekun write that nationalization took place “as a political move against the British Government’s sales of oil to South Africa and its support for the minority regime in Zimbabwe.”³⁰⁵ Osaghae also views the nationalization as “partly [done] in retaliation for BP’s participation in an oil-swap agreement, which led to the ‘indirect’ shipment of

³⁰⁰ Nicolas J. Spiliotes, “Nigerian Foreign Policy and Southern Africa; A Choice for the West,” *Issue: A Journal of Opinion* 11, no. 1/2 (Spring-Summer 1981), 45.

³⁰¹ “Editorial: Price of Perfidy,” *Nigerian Tide* [Port Harcourt] (3 August 1979), 3.

³⁰² “BP: Britain Asks for Mercy,” *Daily Times* [Lagos] (3 August 1979), 1.

³⁰³ “SA in Secret Oil Deal with Nigeria,” *Cape Times* [Cape Times] (27 January 1979), 1; “Nigeria los SA skip, vat olie,” *Die Transvaler* [Johannesburg] (17 May 1979), 1.

³⁰⁴ “BP Now in Desperate Search for Oil,” *Nigerian Tide* [Port Harcourt] (17 August 1979), 9.

Nigerian oil to South Africa,” and partly because of the UK’s handling of Zimbabwe’s elections. He earlier mentions that nationalization of Shell-BP was “over the company’s involvement in South Africa.”³⁰⁶ Both of these works exemplify the fact that in 1990s the only new conclusion available on the subject involved the merging of two previous ones presented primarily in the 1980s. To complicate matters further, a newspaper article from the *Guardian* in London cites the nationalization date as September 1979.³⁰⁷ A discrepancy in narratives raises questions regarding accuracy and relevance.

On the accuracy of attributing the nationalization to the elections in Southern Rhodesia, Marinho makes an important clarification. To accompany his original declaration linking the nationalization to South Africa, he adds:

this action had nothing whatever to do with Rhodesia, and if that [the elections] went wrong it would require separate and additional action.³⁰⁸

Indeed, by July of 1979 the imbroglio with Ian Smith and his hopes of permanent white, minority rule had ended. Elections had taken place, putting Bishop Muzorewa as the prime minister. On 31 May 1979, Southern Rhodesia became semi-independent. On the day of the nationalization, a meeting took place in Lusaka, Zambia for members of the British Commonwealth. Without a definitive conclusion or opportunity for hearing Prime Minister Margaret Thatcher’s perspective on the situation, Nigeria nationalized. One scholar mentioned that to “most of those already in Lusaka Mrs. Thatcher was an

³⁰⁵ Obi and Soremekun, “Oil and the Nigerian State,” 20.

³⁰⁶ Osaghae, *Crippled Giant*, 97, 103.

³⁰⁷ John Andrews, “Top of the League,” *Guardian* [London] (5 October, 1981).

³⁰⁸ “Nationalisation,” memo from Shell (London) to BP (London), 31 July 1979, BP 4823, 1.

unknown quantity.”³⁰⁹ If it was really about Southern Rhodesia, it would have made more sense to nationalize after she arrived and made her statements about the situation at the meeting. Within the foreign policy perspective, we can confidently conclude that Nigeria never envisioned the nationalization to serve as a punitive measure against the UK over the rocky elections in Southern Rhodesia. But, should we take at face value, Marinho’s declaration of nationalization as being linked to oil supplies to South Africa?

By 1978, Nigeria faced serious economic problems (hence, its submersion into structural adjustment programs during the 1980s). It was during this time, that several measures to enhance Nigeria’s participation in its oil industry occurred. Thus, the nationalization took place in 1979 as a last resort measure to channel oil revenues directly to the state. In a memo from Shell to BP on the nationalization in 1979, Shell commented that its meeting with Marinho “was astonishingly cordial” and that it was probably because “he is achieving a desired objective (more oil) with the responsibility not being his.”³¹⁰ In his work on the history of Southern Rhodesia, Anthony Verrier, inadvertently touched on the fact that Nigeria’s decision to nationalize “Shell-BP” did not sincerely hinge on southern Africa.³¹¹ He writes,

[Lord] Carrington lost his temper –a fairly frequent, understandable, but damaging occurrence during these days and hours –when Nigeria’s Commissioner for External Affairs, Major-General [H.E.O.] Adefope, almost discourteously dismissed the expropriation.... Adefope merely shrugged and said he had to see the Queen when Carrington furiously declared to him that expropriating Shell-BP would not affect British policy on Rhodesia.³¹²

³⁰⁹ Anthony Verrier, *The Road to Zimbabwe: 1890-1980* (London: Jonathan Cape Publishers, 1986), 243.

³¹⁰ “Nationalisation,” memo from Shell (London) to BP (London), 31 July 1979, BP 4823, 1.

³¹¹ Verrier, *The Road to Zimbabwe*, 249.

³¹² Ibid.

Verrier describes the body language of Adefope in a way that indicates that Nigeria's nationalization was not meant as a way to sever ties with the UK and that Adefope did not genuinely expect the decision to alter the UK's course. The passage also suggests that diplomatic ties did not diminish and that Nigeria viewed the nationalization as somewhat separate from southern Africa. Another memo reiterated this view:

[t]he main motive of the Nigerians was to get their hands on the oil at this time and use that to get the maximum amount of money.³¹³

The latter passage suggests a kind of urgency to the nationalization. In part, this has to do with when the transition to civilian rule was scheduled to take place.

In his essay, Aluko presented South Africa as an excuse to nationalize BP. The situation in South Africa, although deplorable, had not changed. What had allegedly changed was the arrival of Thatcher in May 1979 and her conservative perspective on South Africa. Nigeria claimed that within months of her arrival, supplies to South Africa had increased to pre-1970 levels. Aluko writes:

By sheer coincidence, the arrangement between BP and Conoco, an American group, whereby BP was to sell North Sea oil to Conoco in return for the supply of oil from non-OPEC sources to South Africa came to light towards the end of July 1979. This was used in Lagos as an excuse for the takeover of BP.³¹⁴

The quote above disconnects the "oil swap" from the nationalization. Little evidence suggests that the "oil swap" involved Nigeria at all. Added to which, the operations of

³¹³ Q.M. Morris, "Record Note," 3 August 1979, BP 4823, 2.

³¹⁴ Aluko, "The Nationalisation," 226.

transnational companies and their subsidiaries and affiliates is quite difficult to decipher as we saw when companies such as BP, Mobil, and Shell were accused of violating sanctions. Within the context of southern Africa, these oil companies claimed to have separated the parent company from the subsidiaries. This gave them legal grounding to deny all accusations. By 1968, any allegations about their conducting business within Southern Rhodesia warranted the same response: “The parent companies claimed no control over them” and, therefore, “[n]o UK sanctions were broken if the subsidiaries confined their activities to within [Southern] Rhodesia”³¹⁵ This placed the subsidiaries under the legislation of Southern Rhodesia, who placed pressure on them, of course, to maintain operations as much as possible. What the popular narrative does not fully address is why July 1979 was the chosen date for the nationalization. A look at Nigeria’s domestic situation in terms of oil and economic policy becomes especially important.

Rebuilding the Narrative

Would Nigeria undertake such levels of support for southern Africa without seeking reward? In all other regards, the federal military government has proved itself as rather selfish, greedy, and conniving for personal gain. The best conclusion is to merge both ideas and see aspects of Nigeria’s foreign policy as a tool of domestic, economic policy. In a later chapter, we continue the deconstruction by looking at the language, symbolism, and historical memory that have contributed to the construction of the popular narrative. In this section, we rebuild the narrative of the nationalization of BP,

³¹⁵ Haslemere Group and Anti-Apartheid Movement, “Submission to British Government,” 9.

placing it within the context of economic nationalism. We trace the establishment of development plans and indigenous employment programs as well as the succession of participation arrangements involving foreign transnational oil companies operating in Nigeria. Collectively, these efforts make up Nigeria's economic nationalist project.

An overview of Nigeria's policies indicate that the nationalization of BP in 1979 was not out of character given the series of economic steps taken for overall greater control over its economy and, more importantly, its oil industry. Nigeria pushed through two developments plans, following in the steps of the first one launched in 1962 before the collapse of the First Republic.

Year	Total FMG Revenue (₦ thousand)	Oil Revenue (₦ million)	Oil % of Total Revenue
1965/66	317,356	29.2	9.20
1966/67	317,886	45.0	14.17
1967/68	289,322	41.8	14.44
1968/69	291,116	29.6	10.16
1969/70	435,908	75.4	17.30
1970	533,200	176.4	27.85
1971	1,169,000	603.0	51.55
1972	1,404,800	735.0	52.32
1973	695.300	1368.6	80.72
1974	537.000	4184.0	92.21
1975	5,514,700	4568.0	82.83*
1976	6,765,900	4834.0	71.45
1977	8,042,000	6299.2	78.32
1978	7,469,400	5183.7	69.40
1979	10,912,700	10433.0	95.60
1980	15,234,000	13123.0	86.14

Table 5: Sources of Revenue for Nigeria³¹⁶

Source	1974-1975	1975-1976	1976-1977	1977-78	1978-79*
Customs and Excise	521.6	833.7	933.1	1,244.8	1,628.4
Petroleum	4,183.8	4,611.75	4,493.8	5,965.5	4,582.5
State Companies	278.5	167.1	302.9	542.1	528.1
Other	193.2	243.7	340.8	606.6	294.9
Total	5,177.1	5,856.2	7,070.6	8,359.0	7,033.9

Table 6: Revenue for the Federal Government, 1974-1979 (₦ million)³¹⁷

In total, Nigeria's various leaders have implemented eight development plans. The Second Development Plan from 1970 to 1974 was executed by Gowon in November, while the Third Development Plan lasted from 1976 to 1980 and was created by the Muhammed/Obasanjo regime. The development plans were drafted with similar goals in mind, including the desire to boost the output of high yield commodities already in production such as oil and agricultural products like palm oil and groundnuts. During the 1970s, Nigeria's oil exports substantially surpassed its agricultural production (see Table 5). To remedy the situation, Gowon called for the "sowing of petroleum" back into agriculture through the utilization of Nigeria's vast oil reserves (see Table 6).³¹⁸ With that revenue, Nigeria's successive governments wanted to expand industry to include manufacturing of basic goods and improve public works (ie, electricity, communications, and water). Unfortunately, when the oil boom ended in 1978 and the price of oil per barrel dropped significantly, Nigeria's grand plans suffered.

³¹⁶ Sote, *Beyond the Crude Oil and Gas Reserves*, 47. *Some discrepancies exist. For example, Nigeria's Ministry of Trade reported that oil accounted for 92 percent of the government's total revenue in 1975. Federal Ministry of Trade, *Annual Report of the Federal Ministry of Trade for the Period 1st January to 31st December, 1975* (Lagos: Federal Ministry of Information, 1977), 20.

³¹⁷ Federal Republic of Nigeria, *Economic and Statistical Review 1978* (Lagos: Ministry of Information, 1979), 38. *Partial estimation.

³¹⁸ "Shell/BP Oil Negotiations," memo from K.A. East (Lagos) to John Wilson (London), 18 November 1972, PRO FCO 65/1229, 2.

The Second Development Plan included a vague outline for economic growth. Gowon, with the advice of the supreme military council, created the plan in 1970, before the oil boom and at the close of the civil war. The government set aside £N1,596 million and expected private investors to contribute £N816 million.³¹⁹ The plan included the rehabilitation of people, buildings, and facilities damaged by the war. It also included hopes for balancing development throughout the country and import substitution nationwide.³²⁰ With regard to the oil industry, it emphasized greater involvement. Although not explicitly laid out, the second development plan foreshadowed a policy of direct participation and nationalization. Gowon took away from OPEC the importance of a national oil company, control of the oil industry, and the sense of national pride derived from being a major oil producer. To improve Nigeria's financial gain from its oil, Gowon negotiated the posted price of Nigeria's crude oil with its largest concession holder, Shell-BP in 1972 (see Table 7). The agreement generated additional revenue of roughly £200 million.³²¹ The outcome of these negotiations in 1973 coupled with the formation of the NNOC in 1971 marked the entry of Nigeria into the global production market.

³¹⁹ EIU, *Quarterly Economic Review –Nigeria*, no. 1 (London: EIU, 1971), 10.

³²⁰ Federal Republic of Nigeria, *Seminar on the Second National Development Plan* (Lagos: Federal Ministry of Information, 1971), 10-1.

³²¹ "Effect on Anglo-Nigerian Relations of the Sale of Arms to South Africa," memo from British High Commission (Lagos) to Secretary of State for Foreign and Commonwealth Affairs, 17 April 1971, PRO FCO 68/313, 2.

Crude Oil Type	Posted Price (\$ per bbl)					
	1970	1971	1972	1973	1974	1975
Light (API Gravity 34°)	2.23	3.00	3.33	4.78	14.69	12.97
Medium (API Gravity 27°)	2.09	2.88	3.21	4.62	14.48	12.77

Table 7: Posted Prices for Nigerian Crude Oil, 1970-1975³²²

The main goal of the Third Development Plan³²³ included taking advantage of the oil wealth to launch ambitious, long term projects. These included a major expansion program for Nigeria's oil industry. For example, in 1978 plans went into place for the construction of a second refinery with a capacity of 100,000 bbl/d.³²⁴ Obasanjo promised that the new refinery would be state-owned and would fulfill domestic demands for natural gas, used in cooking.³²⁵ After some deliberation, Obasanjo chose Warri, a town east of the Niger River as the location and looked for a company outside of the majors to construct it. Shell-BP was not invited to apply.³²⁶ An Italian firm, Snam Progetti, received the contract to build it.³²⁷ Until the refinery was built, Nigeria depended heavily on outside refineries, such as Shell's in Curaçao, for its crude oil and natural gas

³²² Federal Ministry of National Planning. *National Accounts of Nigeria, 1973-75* (Lagos: Federal Ministry of Information, 1981), 285.

³²³ Before being overthrown, Gowon had already drafted the guidelines for his Third Development Plan, 1975-1980 in 1974, which stated that the bulk of financial resources would come from the oil sector. Gowon's plans provided the basis for Muhammed's Third Development Plan. EIU, *Quarterly Economic Review – Nigeria*, no. 1 (London: EIU, 1974), 5; Yakubu Gowon, "...On the Occasion of the Formal Launching of the Third National Development Plan, 1975-80," 29 March 1975, in *Survey of Nigerian Affairs, 1975*, ed. Oyeleye Oyediran (Ibadan: Oxford University Press, 1981), 153-68; Federal Military Government of Nigeria, *Building a Greater Nigeria: Third-National Development Plan, 1975-80* (Lagos: Federal Ministry of Information, 1975).

³²⁴ Austin Osunde, "Oil Industry Given a Boost," *Business Times* [Lagos] (12 October 1976), 8.

³²⁵ "N1b Spent on Exploration," *The Punch* [Lagos] (27 September 1978), 1.

³²⁶ When originally proposed by Gowon in 1974, the idea was to hire a company to construct and run it under the control of the NNOC. Like his predecessor, Gowon wanted to steer clear of the major foreign companies. Oddly, Nigeria considered Burmah Oil, which was a UK registered company that worked with BP in southeastern Asia until the mid-1970s. "New Oil Refinery in Nigeria," memo from J.R. Pennerton to P.M. Goold, 2 April 1974, PRO FCO 65/1539, 1-2.

³²⁷ Austin Osunde, "Oil Industry Given a Boost," *Business Times* [Lagos] (12 October 1976), 8.

processing.³²⁸ By 1976, almost half of the country's total demand was met by imported petroleum products.³²⁹ Nigerians who knew this practice, grumbled about how Nigeria imported its own petroleum. The Warri refinery serves as just one project among many under the Third Development Plan.

Imbedded within Nigeria's development plans were several moves toward minimizing foreign investment and involvement in its economy as well as transferring many of the country's most lucrative industries into state control. The plans showcased Nigeria's ambitious plans, particularly, with its oil industry.

Indigenization and Participation

Imbedded within the Second and Third Development Plans were two broadly defined programs of indigenization and participation. Both military regimes in power during the 1970s observed with disdain the fact that all major industries, businesses, and its oil industry were owned and controlled by foreigners (such as British, Lebanese, and Ghanaian nationals). As a solution, the military regimes of the mid-1960s and 1970s focused on replacing expatriate staff at all levels with a Nigerian one through programs of indigenization. To indigenize meant the alteration of hiring practices of foreign companies as decreed by the state. It was estimated that British citizens in Nigeria during

³²⁸ "General Gowon's Visit to the Bahamas," memo from J.G. Doubledy to A.J. Ward, 13 May 1975, PRO FCO 65/1670, 1-2; Shell's refinery in Curaçao supplied Nigeria with 120,000 bbl/d, which covered a substantial portion of Nigeria's demand. EIU, *Quarterly Economic Review –Nigeria*, 4th Quarter (London: EIU, 1978), 16.

³²⁹ "Bid to Check Fuel Shortage –Nigeria Processes Oil in West Indies," *New Nigerian* [Kaduna] (11 April 1977), 1.

the early 1970s totaled around 15,000, with around 10,000 residing in Lagos.³³⁰ The NPRC, for example, employed approximately 10 Nigerians and 33 expatriates in supervisory positions in 1971.³³¹ While indigenization applied to almost all forms of industry, a great focus was placed on the oil industry. Within the oil industry, the state launched training programs to replace expatriate oil engineers and semi-skilled workers with Nigerian ones.³³² Within the Nigerian press, indigenization is also referred to as Nigerianization. Overall, the plan of indigenization proved more difficult to implement than initially conceived because of slippery definitions of “citizenship,” “home country,” and general loopholes in the decree. For these reasons indigenization remained at the forefront of development initiatives for the entire decade.

The term participation is another broadly used term meaning the involvement of a person, company, or state in the operations of another company or state. It is often used interchangeably with indigenization and nationalization. Beirsteker, for example, uses indigenization as a broad term to include decrees passed on employment, equity participation, direct participation, and nationalization.³³³ More so than indigenization, participation tends to apply to the selling of shares or equity to public or private buyers closely tied to the state.

For purposes of national appeal, indigenization was used more than participation because indicated the government’s intentions for its citizens, from whom it received

³³⁰ Memo on the Seventh Special Assembly: Bilateral with the Nigerian Federal Commissioner for External Affairs, Nigeria: Background Brief, 29 August 1975, PRO FCO 65/1672, 4; “Possible Major Nigerian Reactions,” memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 4 November 1971, PRO FCO 36/793, 3.

³³¹ Terisa E. Turner, “Two Refineries: A Comparative Study of Technology Transfer to the Nigerian Refining Industry,” *World Development* 5, no. 3 (1977), 241.

³³² “Need for Research in Oil Industry,” *Daily Times* [Lagos] (15 June 1977), 16.

praise. Indigenization struck a nationalist chord and suggested a transfer of Western domination back into Nigerian hands, as if to correct the legacy of colonial rule. It came into popular usage in the 1970s, which means that several of the decrees calling for the hiring of Nigerians in the 1960s fall into the category of indigenization but were not called such. To private companies indigenization is substantially less threatening than participation. Thus, participation plans such as the Nigerian Enterprise Promotions Decrees discussed below were often referred to as “indigenization decrees” for political reasons.

Finally, the term nationalization calls for the transfer of complete control (activities, management, and citizenship of staff) from typically a private company to the state and is often discussed separately from indigenization and participation. It is often a publicized event coupled with an aggressive nationalist economic policy. The nationalization of a company is typically viewed as final and irreversible. No other economic measure holds the same politically charged message as nationalization. Strictly speaking, Nigeria increased its participation in BP’s operations in 1979. Outside observers saw the linkage between indigenization and nationalization and attempted to understand where Nigeria stood. The UK’s High Commissioner in Lagos, commented on this distinction:

But the Nigerians’ world is Africa, and, with the exception of Ghana (where it was widely believed her, enforced indigenisation caused chaos), African precedent have, I think, all been of nationalization –a rather

³³³ Biersteker, *Multinationals, the State, and Control*.

different thing and one which is regarded with some caution by the present Nigerian government and applied only in a limited area.³³⁴

Not all oil companies, of course, were nationalized; and, not all countries wanted to nationalize them. The recent trend of privatization in the 1990s suggests that nationalization did not always improve a country's economic position. Through privatization, the nationalized companies of the 1960s and 1970s were essentially being returned to private investors. But, in the 1970s with the long term outcome of nationalized industries largely unknown, it did stand for many as an ultimate goal. For members of OPEC, nationalizing branded a country as courageous and committed, warranting the respect of other members.

In the case of Nigeria, as suggested in the quote above, Nigeria under Gowon exhibited no intention of nationalizing. This is for two reasons. First, with regard to Gowon's economic policy (quite different than his publicized foreign policy), he maintained positive relations with foreign, especially British, companies. Second, he saw Nigeria as not prepared for ambitious programs of participation or nationalization. Instead, he chose to focus on indigenization, which proved more palatable for the foreign companies operating in Nigeria. By and large, the Second Development Plan focused heavily on indigenization with some provisions for participation. The Muhammed/Obasanjo regime took Gowon's ideas and accelerated them. Through the Third Development Plan, they scrapped the process of indigenization (although continued to use the word in their decrees) and focused on participation. Taking an historical

³³⁴ C.S. Pickard, "Indigenisation: The Nigerian Enterprises Promotion Decree," 19 February 1972, PRO BT 24/2558, 3.

overview, the stages of greater control can be easily identified. The first half of the 1970s emphasized the first stage of indigenization; the second half of the decade focused on the second and third stages of participation and nationalization.

By seeing nationalization as the third stage in the process of Nigeria attempting to obtain greater control over its oil industry, the nationalization of BP makes sense. Instead of seeing it as an isolated incident, or political move, related to southern Africa, it can be seen as nestled into a larger trend of Nigeria's economic policy. Let us look at Nigeria's approach to indigenization and participation closely.

Indigenization

Nigeria's leaders used the development plans as an avenue to force companies to hire Nigerians in not only unskilled positions, but also management ones. One of the first attempts to indigenize was through the Quota Allocation Board (1967) and Decree No. 51 passed in 1969, which required an oil company's labor-force to include 70 percent Nigerians within seven years of operation.³³⁵ The Quota Allocation Board was established through the commissioner of internal affairs to regulate and restrict the number of businesses and accounts owned by expatriate individuals or firms. In 1971, the procedure changed to reduce the application process from months to weeks based on necessity. Companies with technical training available for Nigerians and a plan to

³³⁵ Onoh, *The Nigerian Oil Economy*, 30.

establish an industry in a less-developed part of the country got preferential treatment.³³⁶ Decree No. 51 stated that within ten years of receiving a mining lease, an oil company had to ensure a minimum of 60 percent of its workers were Nigerian.³³⁷ In 1970, however, Shell-BP's twelve-person managerial staff included only one Nigerian. According to Nigeria's federal minister of mines and power, Philip C. Asiodu, the other major oil companies had worse hiring practices, which included "racial overtones and other vexations."³³⁸ And, when the process of indigenization moved slower than people had hoped, accusations began to emerge. One opinion piece declared:

We [Nigerians] believe that the blackman is as educable as the white, all things being equal. To continue to import white men into [the] oil industry in this country is extremely dishonest. The Federal Government must do something. Our Universities are turning out young petroleum engineers with good qualification[s], even better than what some expatriates are having.³³⁹

These plans failed to reduce the employment of expatriates in the job market, warranting more aggressive measures than previously designed.

In the early 1970s, Gowon took steps to move Nigerians into key positions within Nigeria's economy. He emphasized the training of Nigerians in the field of petroleum engineering for the future and the immediate integration of Nigerians into the

³³⁶ Federal Commissioner for Internal Affairs, "Expatriate Quota," press statement on the Operation of Expatriate Quota Allocation Machinery, 1975, in *Survey of Nigerian Affairs, 1975*, ed. Oyeleye Oyediran, 283-286 (Ibadan: Oxford University Press, 1981).

³³⁷ EIU, *Quarterly Economic Review – Nigeria*, no. 2 (London: EIU, 1970), 12.

³³⁸ Texaco, for example, provided inadequate housing separate from white personnel in Warri. Nigerian workers also complained of a 'glass ceiling' preventing them from moving up in the company. Philip Asiodu, "Some Aspects of Indigenous Control of the Oil Industry," *Daily Times* [Lagos] (9 March 1972), 7-8; "Racial Discrimination in Texaco? –Part 1," *Punch* [Ikeja] (5 October 1978), 13; "Racial Discrimination in Texaco? –Part 2" *Punch* [Ikeja] (9 October 1978), 10.

³³⁹ "Comment: Oil Firms and Nigerianisation," *West African Pilot* [Lagos] (10 June 1972), 1.

downstream sector of the industry. Running petrol stations, driving trucks, and managing depots required less advanced training programs than the upstream operations. In many cases, the foreign marketing companies provided one- to twelve-month training and on the job instruction.³⁴⁰ In addition to pressuring oil companies to hire more Nigerians, the federal government also implemented steps toward a technology transfer, whereby Nigerians received training in the day-to-day running of an oil industry. For example, the government established the Petroleum Training Instituted at Warri in 1975 and awarded students scholarships to attend colleges of technology within and outside Nigeria and gave substantial grants directly to universities to facilitate research on petroleum.³⁴¹

Within the NPRC, we can see the effect of the indigenization decrees. The expatriate staff totaled 48 out of 400 employees in 1968 and was reduced to 26 by 1972.³⁴² The composition of the board of directors changed to include a Nigerian as chairman of the company and Nigerians were employed in decision-making positions such as assistant general manager.³⁴³ Similarly, the number of Nigerians within Agip's management team went from none in 1962 to 46 in a decade.³⁴⁴ The construction of the Warri refinery required nearly 3,500 and 1,180 of them Nigerians.³⁴⁵ A visitor to the Warri refinery's construction site wrote: "It gave one a pleasant feeling of pride to see

³⁴⁰ "Manpower Training in the Oil Industry in Nigeria," *Nigerian Tribune* [Ibadan] (27 June 1972), 4.

³⁴¹ Federal Ministry of Information, "Press Release –Petroleum Development Fund Awards Scholarship," 14 September 1973; "24 for Training in Technical 'Know-how,'" *Morning Post* [Apapa] (22 July 1972), 1; Yemi Abimbowe, "The Oil Industry and Manpower," *Daily Times* [Lagos] (8 September 1979), 7.

³⁴² "Second Petroleum Refinery," memo from A.F. Collings to British Foreign and Commonwealth Office, 16 May 1970, PRO FCOP 67/403, 2; IPRS, "The Nigerian Petroleum Refining Company," 3.

³⁴³ "Daily Times Opinion –Realistic!" *Daily Times* [Lagos] (8 May 1972), 3.

³⁴⁴ "Manpower Training in the Oil Industry in Nigeria," *Nigerian Observer* [Benin] (16 August 1972), 8-9.

³⁴⁵ Austin Osunde, "Oil Industry Given a Boost," *Business Times* [Lagos] (12 October 1976), 8.

fellow Nigerians manning highly technical positions in various aspects of the job....”³⁴⁶ Nigeria, however, accused companies of appointing Nigerian managers as “window-dressing,” who actually held no decision-making powers.³⁴⁷ Further, the Nigerian government warned the oil companies to stop terminating appointments of senior Nigerian staff and pressuring them into “voluntary resignations.”³⁴⁸ Overall, the plans of indigenization were considered failures because Nigeria lacked the skilled labor pool required and government-level nepotism left no room for civilian participation. For example, the Nigerian chairman appointed to the NPRC in 1972 also served as a member of the military government.³⁴⁹ Strides toward indigenization remained relatively small and plans of expanding Nigerian participation through shareholding overshadowed the ideas of indigenization by the early 1970s.

Participation

As part of the Second Development Plan, Gowon put forth an innovative program for increasing participation within Nigeria’s economy. Through his Nigerian Enterprise Promotions (NEP) decree, he singled out specific sectors of the economy and set timelines in the form of segmented schedules. True to Gowon’s governance, he sought indirect input from the major foreign investors by leaking information to provide “a measure of consultation without loss of face and without altering their policy of

³⁴⁶ “Performance of the Oil Companies in Nigeria,” *Business Times* [Lagos] (4 July 1978), 11.

³⁴⁷ EIU, *Quarterly Economic Review –Nigeria*, no. 1 (London: EIU, 1971), 13.

³⁴⁸ “Sacking of Nigerians in Oil Firms Halted By Govt,” *Daily Times* [Lagos] (8 March 1972), 1; “NECA Plans to Kill FMH Order on Oil Firms,” *Morning Post* [Apapa] (21 March 1973), 1.

³⁴⁹ “Daily Times Opinion –Realistic!” *Daily Times* [Lagos] (8 May 1972), 3.

government by arbitrary decree.”³⁵⁰ BP, however, predicted such a decree because a similar one, described as “partial nationalization,” was passed in Guinea, in June of that year, targeting oil marketing companies.³⁵¹ The NEP decree was announced in June of 1971 and implemented on 28 February 1972. Gowon attempted to reserve a range of enterprises “exclusively for Nigerians and to ban foreign firms” with capital exceeding more than ₦200,000.³⁵² The plan called for adherence based on a two-tier schedule designated by skill level and financial commitment:

Schedule 1: All enterprises in which Nigerians were sufficiently experienced in an operational and managerial capacity. These would become wholly owned Nigerian enterprises.

Schedule 2: Businesses in which Nigerians would have a 40 percent minimum equity participation.³⁵³

The businesses under Schedule 1 included such occupations as cosmetics and perfume manufacturing, department stores and supermarkets, furniture making, poultry farming, wholesale distribution, and coastal and waterways shipping. This group included companies such as the United Africa Company and British Portland Cement.³⁵⁴ All other kinds of businesses belonged in Schedule 2, including select activities of the major oil companies. In practice, however, all businesses were not equal.

³⁵⁰ C.S. Pickard, “Indigenisation: The Nigerian Enterprises Promotion Decree,” 19 February 1972, PRO BT 24/2558, 1.

³⁵¹ Unauthored memo, 30 June 1970, BP 8377.

³⁵² C.S. Pickard, “Indigenisation: The Nigerian Enterprises Promotion Decree,” 19 February 1972, PRO BT 24/2558, 1.

³⁵³ Olusegun Obasanjo, “Nigeria on the Forward March,” speech, 29 June 1976, in Embassy of Nigeria, *Federal Nigeria* Vol. 1, no. 1 (Washington, DC: Embassy of Nigeria, 1976), 2-3.

³⁵⁴ Federal Republic of Nigeria, *Federal Military’s Views on the Report of the Industrial Enterprises Panel* (Lagos: Federal Ministry of Information, 1976), 9, 11. PRO BT 241/599.

As Nigeria's former colonial ruler, the British firms ranked high on the list of foreign investors to replace. Almost half of Nigeria's exports went to the UK. And, nearly 40 percent of all goods imported into Nigeria came from the UK. Shell-BP alone controlled over 70 percent of Nigeria's crude oil production. The UK's presence in Nigeria's economy became a major target for the NEP decree. By 1975, Nigeria's exports to the US reached roughly 30 percent of its total exports. Needless to say, foreign investment, British or not, represented a substantial portion of Nigeria's economic activity, and the express purpose of the NEP decree was to change this situation.

While the downstream operations largely fit into Schedule 2, the production companies fell under a separate participation scheme. Gowon increased equity participation within the upstream sector across the board to 35 percent (with the exception of Agip/Phillips who went to 33⅓ percent) between 1971 and 1974 (see Table 8).³⁵⁵ By 1974, Gowon had increased equity participation again unilaterally to 55 percent.³⁵⁶ Arrangements of this magnitude cost the federal government ₦780 million, but was offset by receipts of ₦5,000 million.³⁵⁷ The partial appropriation of the production companies, while coinciding with the NEP decrees, was conducted separately. Nigeria was a new member of OPEC and was eager to gain greater control over production levels and facilitate negotiations with the major oil companies over posted prices.

³⁵⁵ Agip and the NNOC agreed on a joint participation in September 1971. Federal Ministry of Information, "Press Release: Nigeria to Sign Oil Agreement with Agip," 15 September 1971), 1.

³⁵⁶ "Indigenisation and Nationalisation in Nigeria," memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 15 June 1972, PRO FCO 65/1221, 4.

³⁵⁷ EIU, *Quarterly Economic Review – Nigeria*, no. 4 (London: EIU, 1974), 12.

<u>Company</u>	<u>Participation</u>	<u>Date Acquired</u>
Elf (Safrap)	35%	1 April 1971
	55%	1 April 1974
	60%	1 July 1979
Agip/Phillips	33⅓%	1 April 1971
	55%	1 April 1974
	60%	1 July 1979
Shell-BP	35%	1 April 1973
	55%	1 April 1974
	60%	1 July 1979
	80%	1 August 1979
Gulf	35%	1 April 1973
	55%	1 April 1974
	60%	1 July 1979
Mobil	35%	1 April 1973
	55%	1 April 1974
	60%	1 July 1979
Texaco	55%	1 May 1975
	60%	1 July 1979
Pan Ocean	55%	1 January 1978
	60%	1 July 1979

Table 8: Participation Interests (Exploration and Production)³⁵⁸

A few months into the program, the NEP decree exhibited problems. While the principles and objectives of it were clear, the plan of execution, such as exactly which firms fit into which schedule, remained hazy. The government found it difficult to translate the decree's "statement of intent" into legal code.³⁵⁹ Through successive

³⁵⁸ Nigerian National Petroleum Corporation, *NAPETCOR: Quarterly Magazine of the NNPC* Vol. 2, no. 1 (January-March, 1981).

³⁵⁹ EIU, *Quarterly Economic Review – Nigeria*, no. 1 (London: EIU, 1972), 5.

amendments in 1973 and 1974, Gowon attempted to improve upon his original decree.³⁶⁰ One of the looming issues included whether Nigerian investors actually had access to the large capital necessary to meet the provisions. Some Igbo businessmen complained of being excluded from the NEP program because they lost much of their wealth and stability during the war.³⁶¹

In addition to a possible lack of Nigerian investors, the effectiveness of the decree was compromised through a lack of stern regulation. The federal military government adopted provisions, which allowed for extensions of time and exemptions undermined the effectiveness of the NEP decree. By July of 1972 discussions had begun over which countries or businesses would be exempt. By 1974, 15 firms of primarily British origin received exemptions in exchange for selling some shares to Nigerians.³⁶² Nigeria put forward the OAU Clause, which exempted members of the OAU from the indigenization decree.³⁶³ Looking back at the first NEP decree, Muhammed's government scrutinized the devices used to avoid full implementation of the decree, which included:

...fronting, application for naturalization, extended the use of the definition of Nigerian citizenship, international problems of classification of enterprises, the gentle approach to implementation of the Decree and frequent amendments providing for exemptions on flimsy grounds.³⁶⁴

³⁶⁰ Nigerian Enterprises Promotion (Amendment) Decree 1973 and Nigerian Enterprises Promotion (Amendment) Decree 1974.

³⁶¹ Nnoli, *Ethnicity and Development*, 142.

³⁶² EIU, *Quarterly Economic Review –Nigeria*, no. 3 (London: EIU, 1974), 8.

³⁶³ "Indigenisation: Exemption for OAU Nationals," memo from G. Finlayson to T.M. Piercy, 21 July 1972, PRO FCO 65/1221.

³⁶⁴ Federal Republic of Nigeria, *Federal Military's Views*, 4.

Many of these activities occurred with the help of “some misguided citizens.”³⁶⁵ In retrospect, the federal military government recognized the inherent flaws, which included a “failure to make it obligatory for more companies to seek compliance by issuing their shares through the Lagos Stock Exchange” and “the weak and under-staffed administrative machinery for implementation.”³⁶⁶ Only about one-third of the firms affected by the decree complied with the provisions by 30 June 1975. This ratio included a break down in this manner: 55 percent of Schedule I and 89 percent of Schedule II had complied. Out of the 950 businesses operating in Nigeria, 357 transformed 100 percent.³⁶⁷ Overall, the first NEP decree fell short of expectations with several companies exploiting the exemptions clause or ignoring the deadlines.

After removing Gowon, Muhammed and Obasanjo expressed their intention to take more aggressive measures. They implemented a new development plan, NEP decree, and plans for increasing equity participation in the upstream sector. They also nationalized several companies within the downstream sector. The emphasis on indigenization through employment was replaced with a grander vision. The Third Development Plan was created with a clear agenda:

For the sake of national security, national investment decision, and managerial opportunities to enable Nigerians to take effective control of the oil industry eventually, it has become mandatory that government should be directly involved in the oil industry. To this end, during the plan period, government will participate in the three phases of the oil industry, namely exploration, refining, and distribution. A National oil corporation

³⁶⁵ Ibid.

³⁶⁶ Ibid.

³⁶⁷ Ibid.

together with an associated public quoted company will be established for this purpose.³⁶⁸

Participation placed Nigerians in direct control of a company's future investments, salary packages, and educational opportunities. With regard to oil, the formation of the NNPC in 1977 as an operational state oil company assisted this goal. Under Muhammed and Obasanjo, the usage of indigenization changed; it was expanded to address not only employment, but also business ownership.³⁶⁹

The second NEP decree was introduced on 29 June 1976, with the same level of public ceremony as the first. It was scheduled to go into effect on 13 January 1977 and finish what the first decree had started.³⁷⁰ It was viewed as the second phase of Gowon's decree because it built off the small gains from it. The decree retained the two categories developed by Gowon in 1971 and added one more in the middle:

Schedule 2: Included enterprises in which a 60 percent minimum equity participation by Nigerians could be achieved.³⁷¹

Businesses included in the revised Schedule 2 included banks, mining companies, the upstream sector of the petroleum industry, fertilizer production, salt production, and paper production.³⁷² The list of businesses for each schedule this time around was much more specific. To foreign firms, the measure was dramatic. A panel organized by the

³⁶⁸ Federal Government of Nigeria, "Second National Development Plan, 1970-1974," (Lagos: Federal Ministry of Information, 1970), quoted in Obi and Soremekun, "Oil and the Nigerian State," 19.

³⁶⁹ Files at BP Archives and the National Archives in Kew are typically labeled "Indigenisation."

³⁷⁰ Federal Military Government of Nigeria, *Nigerian Enterprises Promotion Decree 1977* (Lagos: Federal Ministry of Information, 1977); James Mayall, "Oil and Nigerian Foreign Policy," *African Affairs* 75, no. 300 (July 1976), 321.

³⁷¹ Federal Republic of Nigeria, *Federal Military's Views*, 9, 11; PRO BT 241/599; EIU, *Quarterly Economic Review – Nigeria*, 2nd Quarter (London: EIU, 1977), 8-9.

³⁷² Federal Republic of Nigeria, *Federal Military's Views*, 10; PRO BT 241/599.

Nigerian Institute for Management, however, made a strong recommendation to the government at the time to increase participation not by 60, but by 80 percent.³⁷³ Schedule 2 and 3 included many capital intensive businesses requiring highly skilled workers, which would be transformed in phases. The last two phases were expected to begin 1 April 1977 and be completed by 31 December 1978.

Schedule 3 included the largest, most technologically sophisticated industries. BP (Nigeria) and Shell-BP both fit in this category. In line with the decree, BP (Nigeria) turned over 40 percent to the federal military government. With this decree, the government created stipulations for those failing to adhere. The company examined closely the proposed changes in the decree and concluded that the decision needed to be placed in context:

There is no doubt that the government is extremely worried about its 1973 cash flow. Some reports indicate that at a barracks meeting on this subject Buhari indicated that there might be more money obtainable from the oil companies from participation compensation. According to his story Buhari was told to follow it up but not to kill the golden goose in the process.³⁷⁴

Regardless of BP's insight into the underlying motivations for the decree, it played its part and complied. In accordance with Schedule 3, BP (Nigeria) sold 40 percent equity on the Lagos Stock Exchange for Nigerian investors to purchase between September and December of 1978.³⁷⁵ The price per share of 60 kobo was fixed by the Nigerian Securities Exchange Commission (NSEC), which provided each investor with a dividend yield of

³⁷³ "Panel Wants Indigenisation Law Reviewed," *Daily Times* [Lagos] (7 June 1979), 4.

³⁷⁴ "Participation Consideration," memo from Shell (London) to BP London, 6 December 1977, BP 4821, 1.

13.3 percent, earning 34 kobo per share.³⁷⁶ BP considered the price low in comparison to previous years where a share yielded 17.7 percent.³⁷⁷ BP (Nigeria) received its official letter of compliance from the government on 5 January 1979.³⁷⁸ Similarly, Agip (Nigeria), also a marketing company, sold 2,680,000 shares at 54 kobo per share.³⁷⁹ While BP provides an example of a complying company, Nigeria became frustrated and demanded that any company defaulting would be taken over completely. In response to such threats some companies pulled out of Nigeria all together. IBM, which was liable under Schedule 3, withdrew from Nigeria in 1978 after applying for exemption.³⁸⁰ Overall, like the first decree, the conclusions fell short of expectations.

Independent of the second NEP decree, Obasanjo oversaw the transfer of equity participation launched by Gowon back in 1974. Since April of that year, the Nigerian government had been paying compensation through a series of installments. But, what appeared progressive in the era of economic nationalism in 1974 among OPEC members did not seem so by three years later. Shell-BP found itself in a difficult situation and faced hostility from a financially stretched Nigeria. Gulf had received its compensation within the same year the declaration was made and Agip/Phillips had received its in 1976.³⁸¹ The compensation process for Shell-BP completed halted in 1978 when the federal military

³⁷⁵ "Nigeria: New Economic Measures," 30 June 1976, PRO BT 241/2599, 1; "BP Nigeria Limited," 10 August 1978, BP 80623.

³⁷⁶ 100 kobo = ₦1. BP Nigeria Limited, "Nigerian Acceptances Limited Offer for Sale 6,000,000 Ordinary Shares of 50k Each of the Company," (Apapa: Times Press, 1978), BP 86011.

³⁷⁷ "British Petroleum Company Limited: Disposal of Assets," 13 September 1978, BP 4821, 1.

³⁷⁸ Nigerian Enterprise Promotion Board, "BP Nigeria Limited Letter of Compliance: Nigerian Enterprise Promotions Decree 1977," 5 January 1979, BP 125364.

³⁷⁹ "Agip to Sell 2.6m Shares," *New Nigerian* [Kaduna] (25 September 1978), 2.

³⁸⁰ EIU, *Quarterly Economic Review – Nigeria*, 3rd Quarter (London: EIU, 1978), 10.

³⁸¹ EIU, *Quarterly Economic Review – Nigeria*, 2nd Quarter (London: EIU, 1977), 19.

government failed to pay the final installment to make the participation agreement complete.³⁸²

The situation was further complicated by the fact that instead of paying the fourth installment, the Obasanjo regime wanted to revise the arrangement so that the partnership was based on the updated book value (UBV) and no longer the net book value (NBV) as had been the original plan. In 1974, Nigeria had based its decision on the Middle Eastern oil producers who based compensation on the UBV. Since that time, however, several OPEC members had shifted to the NBV. Also, among OPEC members the push for 55 percent had been replaced with a demand for 60 percent. Instead of completing the payments wanted to invoke this ratio in mid-payment.³⁸³ The issue was settled by a round of increases in equity participation within the entire upstream sector to 60 percent on 1 July 1979 (see Table 8). This arrangement ensured the insertion of the newly formed NNPC into the production. This move proved the boldest yet because it was the third increase in nine years. It reduced the shares of all the major oil companies to 40 percent and in the case of Shell-BP, even less.

Within the downstream sector, the federal military government, under both Gowon and Obasanjo, also made a few changes separate from the NEP decree. In September 1971, Nigeria increased its share of the NPRC from 50 percent to 60 percent. It did this by taking 5 percent from both Shell (London) and BP (London). By mid-October of 1978, BP and the NNPC had completed negotiations for the sale of BP's

³⁸² Memo from P.F. Holmes, Managing Director of Shell-BP to M. Buhari, Chairman of the NNPC, 10 August 1978, BP 4821.

³⁸³ "Fourth Installment of Consideration," memo from Shell (London) to BP (London), 28 October 1977, BP 4821, 1-2.

remaining 20 percent share within the NPRC.³⁸⁴ At the conclusion of the agreement Asiodu expressed his frustration with BP during the negotiation process. He described BP executives as “extremely difficult to deal with” and BP, in private, recognized that the negotiation did not go well.³⁸⁵ Asiodu also expressed plans for 100 percent equity participation in NPRC, in perhaps, five years time.³⁸⁶ To be clear, this exchange happened before the formal nationalization of BP (Nigeria) and BP’s (London) shares in Shell-BP and included no mention of southern Africa. This independent take over of the NPRC came from the federal military government’s concern over the dramatic price differences for petroleum products throughout the country and, more specifically, the high prices in the northern states. Oil experts recommended that the solution to this problem required taking over businesses within the downstream sector.³⁸⁷

In a related manner, Nigeria also took over entirely Esso, the US-based marketing company, in December of 1976. The company was renamed Unipetrol.³⁸⁸ To assist with the transfer of operations to local businessmen the federal military government launched a one week training program for Unipetrol on the marketing and selling of petroleum products.³⁸⁹ It also acquired 60 percent direct participation in the Shell marketing company in April 1975. Publicizing this change, several petrol stations bore the name

³⁸⁴ “Nigeria –Disposal of Assets,” memo from G.C. Butcher to J.W.R. Sutcliffe, 19 October 1978, BP 4821, 1.

³⁸⁵ Memo from British High Commission (Lagos) to British Foreign and Commonwealth Office (London), 7 January 1972, PRO FCO 65/1226, 1-2.

³⁸⁶ Memo from R.M.E. Lunn to R.N. Tottenham-Smith, 4 May 1971, BP 118951, 1.

³⁸⁷ Stephen Bamigbele, “Take Over of Petrol Marketing,” *New Nigerian* [Kaduna] (20 May 1973), 1.

³⁸⁸ “N1b Spent on Exploration,” *The Punch* [Lagos] (27 September 1978), 1; Federal Ministry of Information, “Federal Ministry Government Takes over Esso Standard (Nigeria) Limited,” 23 December 1976, 1-2; “Govt Takes over Esso,” *Daily Times* [Lagos] (24 December 1976), 1; “Nigerian Acquisition of Esso Unit Said Imminent,” *Platt’s Oilgram News* 33, no. 128 (3 July 1975), 4

³⁸⁹ “Course Begins in Benin on Petroleum Marketing,” *Nigerian Observer* [Benin] (18 September 1978), 3.

National Oil Marketing Company to represent the new company, NOLCHEM. The company was sold to the Nigerian government for ₦1,986,768.³⁹⁰ The increase in participation within the NPRC and Shell's marketing company as well as the nationalization of Esso were not were not part of any particular promotions decree, but were additional steps taken in the spirit of the decrees to ensure that all regions of Nigeria received regular supplies of petroleum products.³⁹¹ At the same time Nigeria announced the nationalization of Esso, the federal government also stated that "seven other foreign oil marketing companies will be fully nationalized by 1980."³⁹² The take over of BP (Nigeria) and BP's (London) remaining share of Shell-BP followed in a similar manner a few years later.

Oil and Nationalism

Bringing the journey through Nigeria's economic policy full circle, we return to issues raised at the beginning of this chapter. First, and foremost, a combination of development plans and decrees passed by the military government during the 1970s illuminates the expansive and inclusive nature of Nigeria's economic policy. While oil played a significant role, it rarely stood alone as *the* sector to undergo the most profound changes. In fact, much of the focus of the Nigerian Enterprise Promotions Decrees focused on banks and trading companies. What becomes clear in looking at the various phases and schedules proposed is the extent to which oil was integrated into them.

³⁹⁰ Patrick Sanwo, "The National Oil Marketing Company," (4 April 1975), 1-3; Olu Akinmoladun, "Improving Petrol Distribution," *Business Times* [Lagos] (27 September 1977), 9.

³⁹¹ "₦1b Spent on Exploration," *The Punch* [Lagos] (27 September 1978), 1; Federal Ministry of Information, "Federal Ministry Government Takes over Esso Standard (Nigeria) Limited," 23 December 1976, 1-2; "Govt Takes over Esso," *Daily Times* [Lagos] (24 December 1976), 1.

Decrees passed that affected foreign oil companies fit into a recognizable and explicitly articulated pattern of take overs. In light of these conclusions, the nationalization of BP in 1979 does not at all seem out of place. The evidence offered in this chapter shows how, in this vein, the nationalization of BP is not exceptional. Interestingly, that very point –in conjunction with the mystique surrounding the connection of southern Africa– is precisely what makes the nationalization of BP within a global context unique.

Second, while the perspective of economic nationalism illuminated the context in which the nationalization of BP fits, it also highlights how nationalism shapes economic policy. Most scholars recognize Nigeria as a fractured state along ethnic and religious lines; yet, discussions of this issue are often shelved when discussing the 1970s. Is it possible that those forms of affiliation and nationalism acquiesced in the arrival of government-sponsored economic nationalism? Does this mean that no one segments of the population influenced the shaping of Nigeria's economic policies? Given the precarious nature of the federal military government's revenue allocation schemes, development plans, and indigenization decrees, the abandonment of these forms of nationalism are unlikely.

The contemporary conflict in the Nigeria Delta between local villages, upstream oil producers, and the state can, in part, be traced back to the 1970s. This case exemplifies how ethnic nationalism channeled through the voice of the state influences national economic policy. Ethnic nationalism never really disappears, but is reassigned as state-wide through both manipulation of the press as well as the simplified tension between the local inhabitants and the oil companies. When their demands no longer

³⁹² "Nigerian Acquisition of Esso," 4.

match those of the federal military government's, the appearance of the state was shed exposing the ethnic underlays. Going against the vision of national unity, ethnic campaigns during the late 1970s are disguised or vilified as undermining the federal military government and the nation.

In the heart of the Niger Delta lie Nigeria's main production fields, from which Shell-BP produced the bulk of crude oil. Several ethnic groups, with populations typically less than one million, inhabit the area. They complain of political marginalization and neglect. Oil production in the region is disturbing the fragile ecosystem, on which these groups rely, and providing no economic compensation in the form of aid or employment to them. Villagers in the Niger Delta initially directed their grievances to the oil companies and pressured the federal military government to take over the operations of the foreign oil companies. For example, 200 people of the Ogoni ethnic group tried to prevent Shell-BP's oil workers from laying a pipeline in their village in April 1972.³⁹³ The protest was described within the context of the Rivers State as opposed to the Ogoni; state instead of ethnic. Several newspaper articles expressed the hopes of delta residents in the government pressuring the oil companies for compensation and structural improvements.³⁹⁴

These concerns appeared as complaints by states as opposed to one particular ethnic group because states used these complaints as a way of pressuring the federal military government for funding through the revenue allocation scheme. What these complaints illustrate is that ethnic affiliations did not disappear, but were temporarily

³⁹³ "200 Villagers Halt Oil Men in Rivers," *Nigerian Observer* [Benin] (4 April 1972), 1.

³⁹⁴ "Hazards in the Petroleum Industry," *Daily Times* [Lagos] (10 July 1971), 11.

replaced within public discourse by state affiliation. Fortunately for the federal military government these complaints about the flagrant destruction and pollution by oil companies in the Niger Delta dovetailed with its nationalist economic policies.³⁹⁵ For the most part, these groups remained a peripheral nuisance to the production companies who controlled production.

By the end of the 1970s, however, the situation did not improve and the extent of environmental damage was apodictic. The NNPC did not support complaints aimed at oil production activities in the Niger Delta and it responded harshly to protests and criticism. The nationalization of BP, combined with the increased participation in many oil companies, placed the communities and the state in almost direct confrontation. Those living within the Niger Delta realized that they had to fight not only the oil companies, but also the federal military government. This conclusion marked the end of appeals to the national government and the disintegration of nationalist sentiments beyond the ethnic. The nationalist vision within the Niger Delta no longer dovetailed with the federal government's plan of maximum oil production with little interference.

The conflict erupted in the 1990s, when the Ogoni people took their case to international pressure groups and directly confronted Nigeria's military government. It became a brutal clash with not only Shell Petroleum Development Company (SPDC), in which the Nigerian government held an 80 percent share, but also military forces.³⁹⁶ The nationalization of BP placed the government and the local community within direct

³⁹⁵ "Editorial: Col. Kyari and the Oil Companies," *Nigeria Observer* [Benin] (10 May 1972), 2.

³⁹⁶ See Bronwen Manby, *The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria's Oil Producing Communities* (New York: Human Rights Watch, 1999); Jędrzej George Frynas,

confrontation. Not because the NNPC ran SPDC, but because the federal military government had a vested interest in the production more than ever before. Indeed, one can speculate that without the nationalization of BP in 1979, tension within the Niger Delta would have turned out differently. The case of the Niger Delta illustrates the temporary dominance of economic nationalism through individual states and the eventual return of ethnic nationalism by the end of the 1970s. Ethnic nationalism, therefore, never disappeared as is the impression given by many secondary sources. Ethnicity-driven demands made through state structures influenced, with relative ease, the federal military government's economic policies. When they no longer did, the federal military government resorted to punitive measures as illustrated in the 1990s with the Ogoni people.

The perspective of economic nationalism, as illustrated in the case of the Niger Delta, reveal how various forms of nationalism influenced economic policy. Economic nationalism allowed for a relatively open exchange between businessmen in Nigeria and the government with regard to economic policy. This is where the distinction between socialism and economic nationalism, as defined in this project, becomes important. These technocrats and businessmen did not necessarily want foreign businesses taken over to go directly under state ownership and control. Indeed, they pressured the federal military government to turn most businesses over to them. Within Nigeria, those who could understand and afford to take part in stock markets and the occupation of being a shareholder were few. For the most part, it was an elite endeavor. During the 1970s we

see the rise of not only union activity, although officially banned, as well as the solidarity of business men and global trade theorists. For example, the Nigerian Economic Association held regular conferences in Ibadan to discuss ways to improve the economy.

Similarly, a group comprised of military officers, government officials, and businessmen in northern Nigeria is said to have wielded a great deal of influence over the federal military government's economic policies. This group, referred to in the literature as the Kaduna Mafia, worked for the "defence and advocacy of Northern interests as well as individual business interests."³⁹⁷ The Kaduna Mafia was seen by concerned observers as an "embryonic state class," emphasizing the political connections of its members with the Muhammed/Obasanjo regime.³⁹⁸ Quantifying and assessing the level of influence the Kaduna Mafia and Nigerian Economic Association is difficult, but we are left in no doubt that economic nationalism was carried out by technocrats and espoused by officials. Efforts to influence economic policy became polarized between the North and South, with strong religious and ethnic undercurrent. Why are these outside influences successful and how do they influence? In the conclusion, we will assess the effectiveness of economic nationalism. These groups operated in the absence of legal political parties, which were banned until 1979.³⁹⁹

Economic nationalism as a perspective illuminates several important areas within the study of oil in Nigeria. First, it allows us to better understand how and why Nigeria nationalized BP. This chapter argues that the fate of BP fits better into the narrative of

³⁹⁷ Forrest, *Politics and Economic Development*, 57.

³⁹⁸ Osaghae, *Crippled Giant*, 24-25.

³⁹⁹ Tayo Akpata, *In Pursuit of Nationhood: Selected Writings on Politics in Nigeria* (Lagos: Malthouse Press, 2000), 143.

economic nationalism (in the sense of nationalist economic policy put forward by the state) as opposed to the popular narrative involving the UK's handling of white-minority regimes in southern Africa. Second, economic nationalism keeps our attention on domestic issues and draws attention to the possibility that nationalism in the form of ethnic, religious, or regional influenced the federal government's nationalist economic policies. Within this chapter, ethnic nationalism disguised as state nationalism illustrates this point. Placing the nationalization of BP within the context of economic nationalism also brings our attention to historical context of the conflict in the Niger Delta. Examples of regional and religious influences on the federal military government's policy are also presented to show the complex nature of economic nationalism. After all, no economic policies are developed in a political vacuum. In the next chapter we look at the nationalization of BP within broad, theoretical discussions about nationalization. The fate of BP in Nigeria represented a peculiar style of nationalization in comparison to other oil-producing countries of its caliber.

Chapter 5: Nationalization of British Petroleum

The nationalization of oil operations world-wide has generated a great deal of interest among scholars of oil and national histories. Within many countries, a nationalization exhibited strong undercurrents of socialism, anti-neocolonialism, and nationalism. The rate of nationalizations occurring in developing countries during the 1970s reached unsurpassed levels. Nationalization not only represented the act of expropriation of an enterprise for public or private control, but also an era of major economic transformation and revolution. In Nigeria's case, the nationalization of some of BP's operations represented the country's only attempt at politically-driven expropriation in the same vein as many of its OPEC allies. It marked the largest transfer of control within the downstream and upstream sectors. Within Shell-BP alone, Nigeria claimed an 80 percent share, making the NNPC a partner in the production of Nigeria's largest oil fields. Since this nationalization, Nigeria's oil industry has changed very little.

In this chapter, the nationalization of BP is placed within theoretical discussions on it as well as in comparison to other major oil-exporting countries. We look at the origins of nationalization as well as the assumptions and meaning applied to it. This chapter also finishes the narrative on nationalization started in earlier chapters, providing detail on events from July 1979. The argument laid out in this chapter is that within a global context, the case of BP and the vein in which the nationalization was enacted is exceptional. It calls for a reconceptualization of the term and its level of descriptive ability. I put forward the idea of deceptive nationalization. This chapter also highlights two other important points that help situate the nationalization to better understand it.

First, Nigeria expressed no intention of “kicking out” BP from its entire oil industry. Indeed, BP is still very much an integral player in not only oil, but also natural gas. A second, related point is that Nigeria nationalized only select aspects of BP’s assets. These peculiarities are underscored by the declaration made by Marinho on 31 July 1979, which described the take over as a 100 percent increase in participation in Shell-BP and BP (Nigeria).⁴⁰⁰ Why did he not use the term nationalization? What is the distinction Marinho was trying to make?

Nationalization: Theory and Practice

The term nationalization has been a slippery concept for scholars. Definitions for the term, and others associated with it, have only recently been formulated. The term also carries with it several negative associations as it has been largely carried out in developing countries as a perceived gesture of rebellion and punishment initiated by greedy authoritarian rulers. For many scholars, J. Frederick Truitt’s 1974 book, *Expropriation of Private Investment*, offered the first concrete definition of nationalization. He writes that nationalization typically “signifies pursuance of some national political program intended to create out of existing enterprises, or to strengthen, a nationally controlled industry.”⁴⁰¹ This project builds on that definition, but with more specificity, and adheres to the idea that nationalization refers to broad economic policies

⁴⁰⁰ “BP Nigeria,” memo from Shell (London) to BP (London), 30 July 1979, BP 4823.

⁴⁰¹ J. Frederick Truitt, *Expropriation of Private Foreign Investment* (Bloomington: Indiana University Press, 1974), 5.

in which a foreign company's assets and operations are partially or completely transferred, by force, to state or local business persons.

In addition to the term nationalization, scholars have used other related terms in conjunction with or in place of it. They include expropriation, indigenization, and participation. All of these terms indicate, generally, the same process of transferring foreign corporate activities to indigenous hands. They differ only in where the emphasis is placed by primarily the participants, and secondly, the outside observers on how it transpired. With the exception of Mexico, the terms used in place of nationalization were deliberately chosen to shape the political climate. Many countries, such as Nigeria, knew the term nationalization, but avoided using it. Truitt sees nationalization as an umbrella term, under which fall expropriation and confiscation. While addressing nationalization, Truitt focuses his attention more on expropriation. He explains the difference:

Generally narrower in scope and intent than the concept of nationalization, but the two do not differ in legal nature. Expropriation often refers to a singular case of a state taking property, a nationalization usually entails a number of individual expropriations. Expropriation may be an oscillate or even arbitrary act of government.⁴⁰²

The term expropriation was first applied to Mexico's nationalization of US and British interests in 1938.⁴⁰³ As indicated by Truitt's definition above, expropriation does not differ greatly from nationalization. It does, however, carry the added meaning of taking without compensation in a hasty manner. From the transnational oil company's

⁴⁰² Ibid.

⁴⁰³ See several chapters in Jonathan C. Brown and Alan Knight, eds. *The Mexican Petroleum Industry in the Twentieth Century* (Austin: University of Texas Press, 1992) and Wendell C. Gordon, *The Expropriation of Foreign-Owned Property in Mexico* (Washington, DC: American Council on Public Affairs, 1941).

perspective it is seen almost as theft, which reflected the foreign oil firms' perspective. In the case of Mexico, the declaration of nationalization was followed by a tense legal battle involving not only the transnational oil companies, but also the governments over compensation. Mexico did not originally intend to pay financial compensation and the transnational companies insisted on it. The case of Mexico set legal precedence for required compensation payment that would be agreed upon by both parties as part of the nationalization process. Thus, expropriation tends to refer to a relatively unanticipated transfer of operations with minimal negotiation involved.

Like expropriation, indigenization is another term that is related to, and encompasses much the same meaning as, nationalization. Within discussions on Nigeria, particularly, the term indigenization appears more often than nationalization. Scholars adhere to this usage to highlight the placement of foreign activities in local, indigenous hands. Biersteker writes exclusively about indigenization when discussing Nigeria's policy of transferring control of multinational companies to public and private ownership. For him, nationalization is a restrictive term because it is "a form of indigenization in which only the state, rather than the state and private individuals in the local business sector," is involved.⁴⁰⁴ What he has done is taken the popular language applied to the NEP decrees in the 1970s and extended it to all decrees of this nature, including those passed in the 1960s not bearing that term. As discussed in previous chapters, indigenization was most used in public conversations in reference to employment. Nigeria's decision to use indigenization over nationalization reflects its desire to temper its activities and mollify the transnational oil companies.

Finally, behind closed doors, discussions between states and transnational oil companies almost exclusively include the term participation and its two forms of direct participation and equity participation. Throughout this project these terms are used to highlight the true ambitions of Nigeria's federal military government. While the outcome of participation does not differ from nationalization or expropriation, the focus of the process does. Participation, as indicated in previous chapters, emphasizes the incremental transfer of activities from a transnational company to a local, private one to a state one. Within the secondary literature, participation rarely used because it lacks political a provocative political agenda and, as a result, lacks popular recognition.

Differentiating between participation, expropriation, and nationalization, however, only scratch the surface because they largely describe the strictly legal and corporate definitions of these transfer processes. In search of a more descriptive term Kobrin uses the phrase "forced divestment," emphasizing the experience from the transnational company's perspective.⁴⁰⁵ Overall, terms available thus far give no indication of the context and offer no clear indication of the historical significance for the country that chose to take such a monumental step. What are lacking within the discourse on nationalization are terms that address motivation, context, and symbolism; terms that are descriptive.

Questions on the nationalization should center not only on the legal characteristics of nationalization, but also from what tension did it emerge. Also, what is the relationship between nationalization and development or nationalization and authoritarian leadership?

⁴⁰⁴ Biersteker, *Multinationals, the State, and Control*, 57.

⁴⁰⁵ Kobrin, "Foreign Enterprise and Forced Divestment," 65-88.

What comparisons can we draw between countries and their experiences with nationalization? For the most part, nationalization (and terms derived from it) come out of specific cases. Developing countries that took over the activities of transnational oil companies during the 1960s, for the most part, defined nationalization. Yet, with such regional and political distinctions between developing countries, the term is only a skeleton. The context and motivation in which one country nationalized may bear little resemblance to another. Well documented cases such as those of Mexico, Libya, and Iran can be identified as *derivative nationalizations*, because the tension and context are easily traceable. For the most part, the public reasons stated do not drastically differ from those given in private. Nigeria and BP, however, is a slightly different case. Its nationalization is best described as deceptive nationalization because in public southern Africa was presented as the reason, while evidence strongly indicates that economic nationalism was the actual impetus for it. In this way, Nigeria's federal military government deliberately deceived the international community. Undoubtedly, more forms of nationalization exist. But they will always be linked together by the common origin of nationalization as an economic concept that surfaced in the late 19th century.

Origins of Nationalization

The concept of a state mandating a take over of a private company's assets and operations does not belong exclusively to the mid-20th century. The emergence of nationalization coincides with the rise of the nation-state and the dilemmas posed by the Industrial Revolution. The lucrative entrepreneurial activity conducted by businessmen with little or no ties to the state threatened the financial and political control of the state. Nationalization served as the perfect solution. Samuel Freidman references 19th century

French Civil Code as among the first examples of nationalization. An article within the legal code states that “no one is compelled to give up his property unless it is for public use...” indicating that the state reserved the right to confiscate strategic land and business activities at anytime.⁴⁰⁶ Nationalization served as a method of enforcing boundaries, preserving state control over the created nation-state, and suppressing any form of affiliation (ethnic or otherwise) that would threaten the power of the state.

Nationalization is also associated with the Enlightenment and Industrial Revolution in Europe. The rise of manufacturing and transnational corporations created demand for a large labor force. The conditions under which workers toiled revealed the negative side of this revolution. Long hours, health perils, unsanitary conditions, and meager wages contributed to the rise of a discontented labor force, for which Karl Marx and Friedrich Engels sympathized and offered a solution. Together in Germany they developed theories about the economy and rallied for the liberation of the working class within the burgeoning industrial societies across Western Europe. Crossing over into ideas most associated with the Enlightenment, Marx and Engels addressed issues of equality and nationalism. They wrote about the welfare of the individual and the living conditions of the working class, emphasizing the need for solidarity (nationalism) and protection within a worker-oriented state. To break away from capitalism and move toward socialism, a workers’ revolution, whereby the state embodied the workers’ vision and met their needs, would have to take place. Nationalization represented a step in this process. The ideas of communal ownership, contribution, and equality discussed at the

⁴⁰⁶ S. Friedman, *Expropriation in International Law* (London: London Institute of World Affairs, 1953), 19.

turn of the century became the cornerstone principles behind nationalization and the expansion of state-run industries.

While European governments did not necessarily accept the socialist ideas of Marx and Engels *en total*, they certainly saw the value in state-owned industries and the improvement of working conditions and worker welfare as a concern for national security. European governments in the late 19th century and early 20th century saw the value of moving toward state control over key industries. The history of BP is an excellent example of national security culminating into a government crossing over into global business. BP began in the late 19th century as an independent petroleum company. In 1914, the UK purchased roughly 40 percent of the company's shares to ensure that oil supplies for the Royal Navy would never diminish. Other state-sponsored take overs included public works, with the idea of making many basic amenities such as water, railroads, and sanitation available to everyone. Collectively, these take overs contributed to nation-building, social welfare, and equality. European countries, for the most part, borrowed ideas from Marx and Engels such as nationalization but never became socialist states. But, socialist theory developed by Marx and Engels neither addressed the situation outside of Western Europe, nor did it provide a blueprint for operating as a socialist state. This left their socialist vision up for interpretation and integration into other socio-economic movements.

Nationalization and Nationalism

Within Africa, socialism became the foundation for anti-colonial movements and nation-building strategies. It became ensconced in theories of nationalism outside of Europe, which either moved beyond the scope of Marx's and Engel's work or contradicted it. For example, neither Marx nor Engel's developed in any detail their views on resistance to European imperialism that occurred in places such as Africa. In fact, Marx and Engels held the cultural bias against Africans that was so prevalent in Europe at the time. Engels is said to have responded positively to French imperialism in Algeria, agreeing on the need to spread European civilization. Also, Marx and Engels saw nationalism as a bourgeois project, designed to lock internal markets within a capitalist, exploitative structure in their favor.⁴⁰⁷ Instead, Marx and Engels only dealt with proletariat internationalism as far as it concerned workers within Europe. They saw ethnicity and religion as irrational aspects of society and counter-revolutionary.⁴⁰⁸ Despite these limitations, socialist theory still appealed to nationalist leaders outside of Western Europe.

Leaders from developing countries drew some of their inspiration from the writings of Vladimir Lenin in Russia, who attempted to draw a connection between Marxism (socialism) and nationalism. He concluded that exercising the collective rights was essential to the revolution as a way of ensuring that it would happen in 1917; however, he did not condone any particular ethnic group within Russia from claiming sovereignty after the revolution. Many leaders outside Russia, particularly within Africa,

⁴⁰⁷ Davis, *Toward a Marxist Theory*, 22-23.

⁴⁰⁸ Ronaldo Munck, *The Difficult Dialogue: Marxism and Nationalism* (London: Zed Books, 1986).

adopted Lenin's views, creating a liberation ideology against colonial rule based on the fusing of socialism and nationalism. Components of the basic ideology were upheld and ignored by these leaders as they saw fit. For example, few leaders espousing notions of total social and economic equality also campaigned for their own removal from power as authoritarian rulers. Many leaders such as Gowon and Obasanjo did not campaign for complete socialism, but state control over the most socially important and economically valued enterprises. This vision also included the transfer of businesses and jobs from expatriate firms and individuals to Nigerians ones. In both cases, nationalization was at the forefront of a country's economic policies. For these reasons, nationalization has been strongly associated with socialist movements throughout the developing world.

Socialism appealed to anti-colonial activists during the 20th century because it offered a compelling solution to the question of how to not only become politically independent, but also economically. The adoption of socialism meant the abandonment of capitalism, which was at the core of European imperialism. Many African visionaries saw socialism as a way of preventing the continuation or later return of colonial domination. Kwame Nkrumah of Ghana and Amílcar Cabral of Guinea-Bissau are most known for adopting socialism into their anti-colonial struggles. They hoped to extricate their countries from the global capitalist system, within which Europe held the dominant center position. Socialism also appealed to newly independent African countries because it recalled a semi-mythical past in which African societies lived as socialist nations. Many African intellectuals alleged that prior to colonial rule Africans lived contently within strong communities that distributed wealth and labor equally. Thus, African nations needed only to tap into this way of life, creating a unique form of African socialism that

facilitated the blending tradition into a modern state structure.⁴⁰⁹ Finally, these developing countries saw successful examples of public companies operating in Europe.

The popularity of nationalist economic policies, which fuse socialism and nationalism together, emerges primarily after World War II. Truitt describes nationalization (he uses the term expropriation) as being linked with the “historical forces of the 20th century,” which included rapid industrialization, socialism, and economic development to name a few.⁴¹⁰ At the height of the Cold War, Western countries became particularly sensitive to actions that in any way replicated those done by the Soviet Union. This included the socialist revolution and complete nationalization of all industries, foreign and indigenous, that took place in 1917. Fear of these actions spreading among developing countries resulted in the vilification of such endeavors. The term socialization came to be used as a way to describe the act of transforming all, or nearly all, private property into public as part of a political and economic ideology.⁴¹¹ Nationalization was considered part and parcel of this “radical” politicking and experimental economic vision in the developing world.

Scholars from outside a country commenting on nationalization, especially in the 1970s, tended to associate political instability with nationalization. And, the more unstable a country was politically, the more likely it was to engage in “extreme” policies such as nationalization. Further, they attributed the decision to only an authoritarian leader and not to intellectual pressure groups or cabinet advisors. What accounts for this conclusion? The basis for the linkage between “radical” politics and nationalization

⁴⁰⁹ Nkrumah, *Revolutionary Path*, 438-45.

⁴¹⁰ Truitt, *Expropriation of Private Foreign Investment*, 2-3.

comes from it often coinciding with a regime change, whereby a new economic philosophy replaces the previous one. In the case of Nigeria during the 1970s, the new regime proposed more aggressive reform than the one preceding it. The fate of BP in Nigeria certainly fits this idea. But, not all nationalizations should be characterized this way. Recent scholarship emphasizes the role of pressure groups with a developing country at the time of nationalization. In the case of Mexico, the nationalization of 1938 occurred, in large part, because of pressure from oil workers on the government.⁴¹² Also, Forrest highlights the pressure placed on the military leaders in Nigeria by the intellectual community. The Nigerian Economic Society, for example, called on Obasanjo to mandate sweeping reforms favoring the replacement of foreign investors with Nigerian ones.⁴¹³ Radical politics and regime changes only provide a partial answer to why nationalizations took place.

Similarly, nationalization is viewed as the outcome of ethnic nationalism that crept into economic policy, as if it contagious and emotion-driven. The view also takes the cross over of nationalism and economic policy as an exception to the general acceptance that “irrational” nationalist sentiment and “rational” economic policy normally run on separate, parallel planes. Believing that strong emotions exist only for a short period of time, some scholars did not recognize nationalization as a calculated, long-term policy. In the case of Algeria, nationalization of the upstream sector had been

⁴¹¹ Kobrin, “Foreign Enterprise and Forced Divestment,” 69.

⁴¹² See Jonathan C. Brown, *Oil and Revolution in Mexico* (Berkeley: University of California Press, 1993).

⁴¹³ Forrest, *Politics and Economic Development*, 48.

considered a long-term goal nearly a decade prior to the actual nationalization in 1971.⁴¹⁴ One scholar addressed the need for revising this attitude in 1980, when he emphasized that we should see nationalization as a “policy instrument utilized to achieve relatively long-run political and economic objectives.”⁴¹⁵ Indeed, nationalization represents a dramatic departure from the modernization promoted by the West to developing countries during the 1960s.

Modernization theory dominated discussions on how to development African nations until the 1970s. It called for the three basic focal points to ensure economic success: the institution of a free market economy (effectively ruling out socialism as a viable option); establishment of industry; creation of political, social, religious, and legal institutions to facilitate the modernization of people’s minds.⁴¹⁶ Proponents of this theory, often described as neoclassicalists, saw nationalization as “political interference,” which prevented benevolent foreign investors from carrying out their economic goodwill.⁴¹⁷ The dominant conclusion about the rise of nationalization within developing countries is that it happened because of these countries becoming frustrated with the slow pace of long-term economic growth just before the oil boom. Several scholars saw nationalization projects as a way of accelerating the pace of economic development.⁴¹⁸

⁴¹⁴ Konrad Schliephake, *Oil and Regional Development: Examples from Algeria and Tunisia* (New York: Praeger, 1977), 49.

⁴¹⁵ Kobrin, “Foreign Enterprise and Forced Divestment,” 66.

⁴¹⁶ Ken Cole, *Economy-Environment-Development-Knowledge* (New Brunswick, NJ: Routledge, 1999), 156.

⁴¹⁷ Biersteker, *Multinationals, the State, and Control*, 12-15; David K. Eiteman and Arthur I. Stonehill, *Multinational Business Finance* 3rd ed. (Reading, MA: Addison-Wesley, 1982).

⁴¹⁸ See, for example, Bill Warren, “Imperialism and Capitalist Industry,” *New Left Review* 81 (Sept.-Oct., 1973): 3-44.

Nationalization, however, does not mean the abandonment of capitalism and complete shunning of Western, foreign investors and governments. In the case of Nigeria, scholars identify Gowon as maintaining a positive economic relationship with the UK and promoting capitalism. One can argue that the nationalization does not need to be always linked to socialism and radical politicking. Outside the realm of economic policy, most scholars agree that countries such as Nigeria often attempted to replicate Western politics, culture, and education standards. What, then, is the global appeal to having state-owned companies and why is nationalization most associated with developing countries?

Several reasons can be identified for wanting key industries under the control of a state institution, especially in developing countries. For all countries, the appeal includes a desire for the government to generate and collect revenue from a reliable and lucrative source in a simple manner. Within developing countries that lack sound infrastructure, a public company serves as a way to ensure revenue without relying on weak methods of revenue collection such as taxation. States also want control over certain aspects deemed necessary to everyone, which vary from country to country, in order to reduce the cost and make available nationwide. In most cases, these aspects include telecommunications, electricity, water, and transportation. For Nigeria, petroleum products were viewed as essential to raising the standard of living nationwide and the cornerstone of Nigeria's economy, which necessitated state control. These were also the reasons that Nigeria chose to heavily subsidize the cost of petroleum products within the country. Many countries also view state control over industries considered "dangerous to public health, safety, or

national security” as essential.⁴¹⁹ Developing countries also held additional interests in nationalization.

Many developing countries, carrying the experience of colonialism, into their development projects, looked for alternative economic systems to set themselves apart from their former colonial rulers. Thus, these countries tended to exhibit a “philosophical predisposition” to nationalization.⁴²⁰ Some saw nationalization as an immediate, but long-term, solution to their economic problems. The logic being that the state would inherit a well-run, profitable industry, which would create a direct line to large amounts of revenue. The money would be used for development projects and training programs for local citizens. How these countries chose to execute these takeovers varied from country to country. Did they couch nationalization into broad development plans or did they mandate nationalization with great fanfare and anti-Western propaganda?

The nationalization of oil companies has attracted a great deal of scholarly attention and has produced a wide range of conclusions. In his study of expropriation in developing countries, Michael Minor highlights that oil represented the second most likely sector to be nationalized between 1970 and 1985. He mentioned that 20 to 28 percent of all nationalizations occurring in the oil sector, with the majority of them happening between 1970 and 1980.⁴²¹ For countries such as Nigeria, oil represented the single most lucrative industry (see Table 10). The global oil industry represents one of the most diverse and complex areas to study nationalization. While the outcome is largely the

⁴¹⁹ Truitt, *Expropriation of Private Foreign Investment*, 41.

⁴²⁰ Ibid.

⁴²¹ Michael S. Minor, “The Demise of Expropriation as an Instrument of LDC Policy, 1980-1992,” *Journal of International Business Studies* 25, no. 1 (1st Quarter, 1994), 183.

same, the methods of and reasons for nationalization varied a great deal. Let us look at Nigeria's nationalization of BP before drawing global comparisons.

<u>Company</u>	<u>Production (thousand bbl/d)</u>
Shell-BP/NNPC	1,083.7
Gulf/NNPC	261.7
Mobil/NNPC	199.6
Agip-Phillips/NNPC	223.8
Elf/NNPC	77.3
Texaco/NNPC	43.0
Ashland/NNPC	8.8
Pan Ocean	9.7
Tenneco-Mobil-Sunray	1.5

Table 9: Oil Production in Nigeria (1978)⁴²²

<u>Crude Type*</u>	<u>Estimated Supply</u>	<u>Price (\$ per bbl)</u>
Medium	150,000	22.02
Forcados	550,000	23.12
Pennington	50,000	23.39
Escravos	350,000	23.39
Bonny	525,000	23.49
Qua Ibo	250,000	23.50
Brass River	225,000	23.52

Table 10: Crude Oil Prices (1979)⁴²³

⁴²² EIU, *Quarterly Economic Review –Nigeria*, Second Quarter (London: EIU, 1979), 19.

⁴²³ EIU, *Quarterly Economic Review –Nigeria*, no. 4 (London: EIU, 1979), 18. *The crude types are distinguished by gravity and quality and are named by location from which they are exported.

The Nationalization of British Petroleum

During the 1970s, Nigeria had become one of the world's largest producers of oil in the world. Crude oil production existed largely along the coast, in south eastern Nigeria. Several oil companies took part in the upstream sector, including the French company Elf, Shell-BP, Gulf Oil, Mobil, and several others. By the mid-1970s they all operated through joint-venture agreements with the state-owned NNPC as listed in Table 9. Within Shell-BP, the NNPC held 60 percent and Shell and BP held 20 percent each by 1 July 1979. Shell-BP not only produced the majority of Nigeria's crude oil, but also the crude oil of the highest quality (see Table 10). Crude oil from Shell-BP's fields consistently attracted the highest prices. At the time of nationalization, Shell-BP generated an annual profit of ₦4.39 million.⁴²⁴ BP's (Nigeria) marketing operations also included overseeing petrol stations bearing the BP trade name and BP (London) participated in the running of the Port Harcourt refinery. Overall, BP's participation in Nigeria's oil industry changed substantially during the 1970s –much in line with the other major oil companies.

During the summer of 1979, Nigeria became concerned with the routes and ports-of-call pertaining to tankers hired by BP to ship Nigeria's oil. On the one hand, Nigeria appeared set on catching BP in violation of its 1971 ban on any relations with South Africa. On the other, when Nigeria caught BP it publicized the affair, but allowed BP to continue its operations without repercussions. On 1 July 1979, all of the major producing companies operating in Nigeria underwent another raise to 60 percent in the NNPC's

⁴²⁴ A.P. Ravenscroft, "Draft –Memorandum on Valuation of BP Group Interests Acquired by the Federal Military Government of Nigeria," 28 August 1979, BP 4823, 2.

participation. In the case of Shell-BP, this left BP with only 20 percent. On 30 July 1979, F. Marinho called the managing director of BP (Nigeria) to say that starting at midnight the Nigerian government would “increase its participation to 100%” in Shell-BP and BP (Nigeria).⁴²⁵ Until fully taken over, a military administrator was appointed to run the company and the transfer of ownership would be completed by 31 August 1979. At the time, BP’s involvement in Nigeria included:

1. A 50 percent share in Shell-BP, through which BP held a 20 percent interest in the concessions. This arrangement provided BP with 230,000 barrels per day of crude.
2. 60 percent shareholding in BP Nigeria, the marketing company;
3. A processing deal with NNPC (in association with Total);
4. Participation in a LNG scheme;
5. A relationship with NPRC, the Port Harcourt refinery.⁴²⁶

The nationalization proposed in 1979 only applied to BP’s (London) share of Shell-BP and BP (Nigeria), of which the government already had a sizable share. BP’s (London) activities in liquefied natural gas (LNG) project,⁴²⁷ which was still in the early planning stages, was not affected. Nor was its participation in the Port Harcourt refinery. Marinho assured BP that the action taken in 1979 should not be considered as Nigeria as having “locked the door and thrown away the key.”⁴²⁸

⁴²⁵ “BP Nigeria,” 30 July 1979, BP 4823.

⁴²⁶ “BP’s Strategy for Nigeria,” 22 August 1979, BP 4823, 1.

⁴²⁷ Shell launched a LNG project in 1966, which began operations between 1976 and 1978. The project included the establishment of the Bonny LNG consortium, in which the NNPC held a 69 percent controlling share with Phillips, Shell, BP, Agip, and Elf. Shortly after starting, however, the project ended because the consortium could not agree with European and North American distributors. At the announcement of nationalization, the managing director of the NNPC clarified that the decision did not effect “BP’s shareholding in the LNG scheme” because, he contended, BP could not divert the LNG south to South Africa. “Nationalisation,” memo from Shell (London) to BP (London), 31 July 1979, BP 4823, 1.

⁴²⁸ Q.M. Morris, “Record Note,” 3 August 1979, BP 4823.

In accordance with international law and established protocol, compensation was determined through negotiations between BP and the Nigerian government. On 1 August 1979, Nigeria appointed ‘Tunji Olutola, formerly a member of the cabinet office, to take over as chief executive of BP (Nigeria).⁴²⁹ The shares were also effectively transferred to the federal military government on that day. Additionally, all employees of BP not hired by the NNPC were required to leave the country on or before 21 August.⁴³⁰ The transfer of operation and control of BP (Nigeria) and BP’s (London) share in Shell-BP was completed by the end of the month. BP’s (Nigeria) operations were replaced by those of the state-controlled African Petroleum (AP) and BP’s (London) shares in Shell-BP were taken over by the NNPC. Shell remained in the company as the primary provider of managerial expertise and skilled labor.

The Formation of the SPDC and African Petroleum

With the withdrawal of select BP activities, the two companies needed restructuring. By the end of August, it became clear to BP that any prospect of persuading the Nigerian government to reverse its decision had past. The UK saw Shagari’s tenuous hold as president since October 1979 as the main reason that denationalization would not take place. The High Commission in Lagos wrote to the Foreign Office that,

the initial stages of Shagari’s presidency seem likely to be overshadowed by the controversial means by which he was elected and the position must

⁴²⁹ BP (Nigeria) was nationalized under the Acquisition of Assets (British Petroleum & Co. Ltd.) Act of 1979. “Appointment as the Administrator of BP Nigeria Ltd.” Memo from A.L. Ciroma to ‘Tunji Olutola, 30 July, 1979, BP, 4823.

⁴³⁰ “FMG Applies Oil Squeeze,” *Nigerian Tide* [Port Harcourt] (2 August 1979), 16.

be somewhat delicate. It therefore seems unlikely that he would be prepared to take the risk of reversing the decision, a decision which on the whole is intensely popular here.⁴³¹

BP attempted to achieve sufficient compensation both for its exploration and marketing interests. The process of settling the transfer of shares and altering the company's identity and administrative staff took several months, partly because BP waited for denationalization. Two months prior to nationalization, BP (London) operated as usual lifting its share of crude oil and processing it. BP (London) ceased its financial activities in August while waiting for the outcome of the compensation issue, leaving payment to Shell-BP unpaid. This placed Shell under pressure to pay the NNPC as the "designated purchaser."⁴³² The primary focus for BP (London) was to get their claim to the 230,000 bbl/d of crude to fulfill a long term purchase agreement already made. BP (London) wanted compensation in the form of fair cash value or a fair supply of crude at a discounted price. Also, the company hoped to set a price of \$600 million for its interests in Shell-BP, which included the loss of future earnings over the life of the concessions and associated losses from the loss of direct access to Nigerian crude.⁴³³

BP's (London) portion of Shell-BP would be compensated based on the internationally accepted practice of the net-book value of the fixed assets, estimated at around £73.2 million.⁴³⁴ The federal government also calculated BP's (London) outstanding debt, totaling around ₦62 million, for the undervaluation of buy-back and

⁴³¹ Telex from High Commission (Lagos) to Foreign Office (London), 23 August 1979, BP 4823.

⁴³² See memo from Shell (London) to BP (London), 6 September 1979, BP 4823; memo from BP Trading Ltd. to Shell-BP Petroleum Development Company of Nigeria, 7 September 1979, BP 4823; and memo from BP (London) to Shell (London), 16 October 1979, BP 4823, 1-2.

⁴³³ "BP's Strategy for Nigeria," 23 August 1979, BP 4823, 1.

option crude between October 1973 and March 1974 (the period of the Arab oil embargo).⁴³⁵ BP (London) responded by stating that the nature of the nationalization, as laid out by the UN Resolution of 1962, called for the compensation based on the concept of “appropriate compensation.” Additionally, BP (London) offered to continue in other aspects of Nigeria’s oil industry, emphasizing technical support. After a series of negotiations over compensation, Nigeria paid ₦71 million worth of crude oil to the British government.⁴³⁶ By October 1979 the issue was settled and Shell-BP became Shell Petroleum Development Company of Nigeria (SPDC), which is still in operation today.⁴³⁷

With SPDC up and operating, BP and Nigeria turned their attention to settling the transfer of BP (Nigeria) into the newly formed African Petroleum (AP).⁴³⁸ The NNPC agreed to compensate BP (Nigeria) based its stock value. BP came up with its own figures for BP (Nigeria) at ₦13.86 million.⁴³⁹ AP acquired 9 million shares and became a subsidiary of the NNPC. At the time of nationalization, BP (Nigeria) recorded a net profit of ₦7.45 million. Once in full-operation, AP moved into other areas of the economy,

⁴³⁴ Totals ₦61million. The exchange rate at the time was roughly ₦1.2 to £1.

⁴³⁵ “British Petroleum’s Share in BP Nigeria Limited and British Petroleum’s Interests in Shell-BP Petroleum Development Company of Nigeria Limited,” memo from NNPC to BP (Nigeria), 31 August 1979, BP 4823, 2.

⁴³⁶ Ihonvbere, “Foreign Policy of Dependent States,” 101; John Andrews, “Top of the League,” *Guardian* [London] (5 October 1981).

⁴³⁷ “Another Name for Shell-BP?” *Nigerian Tide* [Port Harcourt] (9 August 1979), 16.

⁴³⁸ The history of African Petroleum, as it is explained on the company’s website, can be confusing. The website provides a description of the company pre-1979, implying that AP existed prior to then, which it did not. The website actually provides a general survey of BP (Nigeria). Also, it is important to note that the African Petroleum company under discussion here is not to be confused with an earlier established company, African Petroleum Terminals, in Nigeria that facilitated international oil trade from the Niger Delta. See BP 106616 “African Petroleum Terminals Ltd. –Closing Papers”; BP (Nigeria), “Notice of Extraordinary General Meeting,” 24 October 1979, BP 125364.

⁴³⁹ Memo from BP (Nigeria) to NNPC, 7 September 1979, BP 4823, 2-3.

including the processing of gari in Kaduna.⁴⁴⁰ Although the transfer from BP (Nigeria) to AP was completed within a few months, Nigerian officials selected a trademark logo that would always remind people of the nationalization. A description of the transfer from BP (Nigeria) to AP stated:

An extraordinary meeting of BP Nigeria was held on November 15, 1979 to approve the change of name to African Petroleum. The new logo consists of the letters AP in a pointed oval shield backed by a semi-erect lance. Green and yellow have been retained as the house colours.⁴⁴¹

The selection of a logo that closely resembled that of BP highlights the symbolic value of the nationalization. When Nigeria replaced Shell's marketing company in Nigeria with NOLCHEM and Esso's with Unipetrol, no attempt was made to create that same sort of nationalist symbol. As shown in Illustration 4, the similarity in logos is unmistakable.

The formation of AP represented a bold and unique piece of Nigeria's political and economic history. Keeping AP on the cutting edge as a symbol of progress has been important for the NNPC. The company remained within the direct fold of the state-owned NNPC until 1998 when the company was among the first to be privatized. Within the past decade, AP has worked closely, in a technical capacity, with BP (South Africa) based in Cape Town, South Africa.⁴⁴² Although archival materials at this time are limited to pre-1977, the re-acquaintance of a BP affiliate to Nigeria's markets, suggests that perhaps a

⁴⁴⁰ Gari is a popular food in Nigeria derived from cassava root that has been processed and fermented. "African Petroleum," *Daily Times* [Lagos] (5 September 1979), 3.

⁴⁴¹ G.E.K. Warr, "Lagos Sitrep," 19 November 1979, BP 125365; "Memo from BP Nigeria to Its Shareholders," 20 October 1979, BP 125364.

⁴⁴² "African Petroleum," <http://appplc.com> (accessed on 1 December 2006) and Vincent Nwanma, "Case Study: Nigerian Privatization," *Initiative for Policy Dialogue*, www2.gsb.columbia.edu/ipd/j_privatization_nigeria.html (accessed on 31 March 2006).

linkage always remained. Indeed, this confirms that Nigeria took BP's offer of technical support back in 1979 seriously.



Illustration 4: AP and BP Logos⁴⁴³

⁴⁴³ Artistic rendition by Jennifer G. Vaughan, 2006.

Nigeria and Global Nationalization

In comparison to other oil-rich developing countries of similar production and export caliber, several peculiarities surrounding BP's nationalization can be identified. Even within Nigeria's oil history, the nationalization of BP has its own distinctive qualities. First, Nigeria did not link the nationalization to the reasons most commonly stated by other countries. Second, Nigeria singled out a specific company to nationalize instead of implemented a unilateral nationalization as other countries had done. Third, the nationalization as well as the formation of a national oil company occurred later than most other countries in Nigeria's situation. Before addressing these points of difference, let us look at the basic features that have united Nigeria to other oil-rich developing countries. These include historical context, economic situation, and relationship with the same set of major transnational oil companies.

Almost all oil producing countries share the historical experience of being subjugated under European imperialist designs. Regardless of the technical status of mandate, protectorate, or colony, these countries faced systematic exploitation, social humiliation, and forced political subservience. Indeed, the boundaries that demarcate many of these states were set by European powers. For many countries, strong alliances formed transcended state boundaries.

Shared cultural and historical experiences included and excluded other states for a country. Libya, like Nigeria, maintained a list of prohibited countries with which it refused to associate based on its expression of solidarity with its Arab friends in the Middle East against the establishment of Israel. No person connected to Libya could also

be connected to Israel. Libya shared a so-called “Blacklist,” which included several employees of BP. Libya expelled some BP employees on grounds of having financial and/or political dealings with Israel.⁴⁴⁴ Nigeria maintained similar bans to show solidarity with black Africa against the white-minority regimes in southern Africa. These bonds also moved beyond the political into the economic realm. The decolonization process, many argue, continued well after formal independence was achieved. Algeria’s leadership grumbled over its confinement as a neo-colonial country under the thumb of French paternalism long after independence.⁴⁴⁵ Among African countries, especially, Algeria was not alone in expressing this frustration.

Like Nigeria, oil-rich developing countries all over the world struggled to reduce their reliance on their former colonizers or other foreign influences. They struggled to take an arbitrary state creation and turn it into a functioning nation-state. Nation-building to become a nation-state became an endless exercise in catching up to the demands of being a modern state. Almost all of these countries started independence with little vision for the country beyond the anti-colonial campaigns. Short-sighted military leadership became commonplace. These characteristics also carried over into the continuance of mono-crop economies without sufficient long-term planning for sustainable growth. Modernization theory, crafted by the West, offered little assistance with the legacies of colonial rule. Economic instability fueled the unfortunate cycle of unstable governments, in which heads-of-state pooled their country’s financial and political resources into maintaining power and security. In the case of Libya, Colonel Mu’ammar al-Qadhafi

⁴⁴⁴ “Arab Blacklists,” 17 June 1970, PRO FCO 67/431.

came into power through a military coup in September 1969 and still remains the *de facto* chief of state today. Many of these leaders benefited from the fortunate timing of the oil boom of the mid-1970s, which boosted their popularity and spending capabilities. Conspicuous investment on stadiums and conference centers were among the most criticized ways of spending the money. Oil became the cornerstone of economic development and nationalization a crucial part of this vision.

The tension between host governments and major transnational oil companies has been well documented. In almost every oil-rich developing country, the three largest oil companies in the world have operated in a variety of capacities within the upstream and downstream sectors. As in the case of Nigeria, production of crude oil was largely an export industry. These industries, especially in the Middle East, represented isolated enclaves of foreign activity. In Iran, for example, foreign oil workers lived and socialized together rarely leaving the corporate compounds. Developing countries complained that they received marginal returns from this industry, while the oil companies made exorbitant profits.

Allegations of oil companies manipulating production levels and violating the erratically enforced labor and trade laws filled public discussions within each country. People also expressed frustration over uneven marketing of petroleum products throughout the country that favored coastal urban centers and heavy importing of petroleum products extracted in crude form from their own country's reserves. For Nigerians living in the Niger Delta, human displacement and environmental destruction

⁴⁴⁵ Ali Aïssaoui, *Algeria: The Political Economy of Oil and Gas* (Oxford: Oxford University Press, 2001), 71.

were particularly poignant problems. Through the formation of OPEC many of these complaints, especially regarding economic benefits, became formalized into collective action. Working together, OPEC members and those in support of the organization placed pressure on oil companies to increase their participation, employ indigenous workers, and increase the posted price.

One of the most common ways to ease the tension and prepare their citizens for greater participation within the oil industry included the establishment of oil-related training programs and scholarships to send students to overseas petroleum engineering programs. Without establishing a well-trained labor pool, nationalization projects were certain to fail. The two founders of OPEC, for example, received education and/or training within the United States. Saudi Arabia's Abdullah Tariki studied petroleum engineering at the University of Texas at Austin. Solutions such as these, however, only marginally subdued the pressing need for greater control over their oil industry for developing countries.

When it came time, of which was specific to each country, to nationalize, the similarities of which these countries shared dissipated. Countries within Latin America and the Middle East, which nationalized before the nationalist period of the 1970s, established the definition of nationalization. The features that observers came to recognize as part of nationalization included the declaration begin publicly celebrated and full of emotion, while also grounded in logical economic planning. The desire to control their oil resources and end the frustration of feeling like a neocolonial state escaped no one's attention. Revealing solidarity over the collective quest initiated by OPEC members to increase the posted price and control the global oil market became the focus of

nationalization. This form of nationalization is considered derivative nationalization because the reasoning was stated publicly and relayed in the same manner within the secondary literature. The case of Libya, Iraq, and Algeria fall into this category. Nigeria's nationalization of BP, however, proves an exception to the rule. Instead of declaring the action as part of the economic nationalism project, Nigeria attributed it to events unfolding in southern Africa. It also maintained an aura of mystery surrounding the nationalization of BP deliberately, which illustrates the duplicitous manner in which Nigerian diplomacy often operated, especially under the leadership of Obasanjo. This case can be described as deceptive nationalization to highlight the deceiving nature in which it was conducted. The compelling evidence for this lies in the careful selection of language applied during the nationalization of BP.

In his declaration, Marinho emphasized to BP that it was to undergo an increase in "100% participation," and not nationalization.⁴⁴⁶ The newspapers in Nigeria, repeating the official press release, also described BP's fate as part of a participation project. The *Daily Times* in Lagos declared "Nigeria Takes Over BP Shares."⁴⁴⁷ The newspapers also made the clarification that BP (Nigeria) marketing company and BP's shares in Shell-BP were being expropriated. In making a distinction between terms, the NNPC hoped to clarify its motivation and political stance without explicitly saying so. It reveals that the term nationalization, as a dramatic and politically charged measure, was universally understood. The NNPC wanted to avoid sending the wrong message to BP. One exception is the bold reporting of the Niger Delta, in which the take-over was celebrated

⁴⁴⁶ "BP Nigeria," memo from Shell (London) to BP (London), 30 July 1979, BP 4823.

⁴⁴⁷ "Nigeria Takes Over BP Shares," *Daily Times* [Lagos] (1 August 1979), 1.

and struck a strong political chord. On 17 August 1979, the *Nigerian Tide* based in Port Harcourt declared BP as having been nationalized.⁴⁴⁸ When nationalizations occurred in other countries, such as Libya, the Nigerian government and press did not hesitate to label them as nationalization. The transformation of labeling the take over as outright nationalization does not appear within government publications and newspaper within Nigeria until the compensation and transfer of control were complete in the early 1980s.

Some scholars looking back at nationalizations in developing countries have made the argument that these acts reflect as much, if not less, economic policy than political maneuvering. For example, Laura Randall argues that the nationalization of foreign oil production companies in Venezuela had a strong political component to it; although the specifics were not identified.⁴⁴⁹ Several contributors to an edited volume on Mexico's experience with nationalization in 1938 highlights two culminating factors. The first being the state's support for the unionized oil workers that launched a series of protests starting in 1934, which conveyed sentiments against President Lázaro Cárdenas and threatened his position of power.⁴⁵⁰ In both the case of Venezuela and Mexico, economic interests played the dominant role in the nationalizations. Behind every economic policy are political considerations regardless of the form of government. Cases such as these still reflect economic nationalism and an alignment between action and words.

Nigeria also set itself apart from most other cases of nationalization by singling out select operations by BP as opposed to passing a unilateral decree declaring the

⁴⁴⁸ Roland Gribben, "BP Now in Desperate Search for Oil," *Nigerian Tide* [Port Harcourt] (17 August 1979), 9.

⁴⁴⁹ Laura Randall, *The Political Economy of Venezuelan Oil* (Westport, CT: Praeger, 1987), 36.

nationalization of all crude oil and natural gas activities. For Nigeria, focusing on BP displayed a strategic plan for increasing participation without major disruption within the industry. In the case of Shell-BP, Nigeria had the opportunity of increasing its equity participation through nationalizing only BP (London) without increasing government expenditure and responsibility in such as major operation. Nationalizing Shell's 40 percent was not an option because the NNPC would inherit the managerial side of Shell-BP, which Nigeria claimed it was not ready to do. By replacing BP's portion of Shell-BP, Nigeria invested the least amount of effort and capital for the most amount of return.

Nigeria also did not "kill the golden goose" in the process by nationalizing new and technologically advanced ventures such as BP's experimentation with a LNG industry. Algeria was one of the few others that singled out companies. Algeria declared a unilateral nationalization of all oil and gas operations in February 1971. All aspects of those industries were transferred to SONATRACH, the national oil company, except Getty Petroleum and El Paso Natural Gas. Algeria decided to exempt Getty because of a favorable participation agreement implemented in 1969 and El Paso because it worked with SONATRACH in the new area of LNG.⁴⁵¹ Algeria and Nigeria viewed El Paso's and BP's expertise, respectively, in the realm of LNG as not expendable. All areas of BP's activities, however, were singled out as logistically feasible take overs. In comparison to other oil-rich developing countries, Nigeria sets itself apart by singling out BP's (London) production activities for nationalization.

⁴⁵⁰ Jonathan C. Brown and Alan Knight, eds, *The Mexican Petroleum Industry in the Twentieth Century* (Austin: University of Texas Press, 1992).

⁴⁵¹ Aïssaoui, *Algeria*, 76.

In relation to other oil-rich developing countries, Nigeria's first step toward forming a national oil company and initiating nationalizations, especially within the upstream sector, occurred late. By the mid-1970s, the most influential OPEC members such as Venezuela, Iran, and Libya had already formed state-owned oil companies and nationalized the operations and assets of the major transnational oil companies. Venezuela formed its first state-owned oil company, Corporación Venezolana del Petróleo, in 1960 and Indonesia formed its company, Pertamina, in 1957.⁴⁵² In contrast, Nigeria formed its first company, the NNOC, in 1971. One of the main reasons for this lateness came from Nigeria's leadership. Under Gowon, Nigeria maintained an attentive, but relatively reserved relationship with OPEC members. Gowon expressed little interest in losing the UK as an ally, which it would risk by engaging in hasty nationalization schemes. He also claimed that Nigeria was not in any position to effectively take over aspects of the oil industry as the country severely lacked the skilled people. Terisa Turner argues in her work that his assessment was not only incorrect, but deliberately fraudulent.⁴⁵³

When Muhammed and Obasanjo took over in 1975, they shifted Nigeria's indigenization and nationalization plans into high gear. The nationalization of BP represented the grand finale of rule. Nigeria's leadership explains why the nationalization did not take place before 1976, while the collapse of oil prices explains, in part, why the nationalization happened in 1979. Nigeria pressed upon Shell-BP the importance of

⁴⁵² Randall, *The Political Economy of Venezuelan Oil*, 28-32; Khong Choo Oon, *The Politics of Oil in Indonesia: Foreign Company-Host Government Relations* (Cambridge: Cambridge University Press, 1986), 20.

⁴⁵³ Turner, "Multinational Corporations," 65.

drawing up the figures of compensation as soon as possible to have it completed by August, with as little disruption to production as possible.⁴⁵⁴ Also, the production companies paid royalties bi-annually, which Shell-BP paid typically by August and February. Announcing the nationalization in July ensured no complications with payment.

The concern over timing reflected another idea that Nigeria chose to nationalize when it did to take advantage of the short-lived moment of high oil prices in 1979. Nigeria may have sought the opportunity of placing its own share of oil on the spot market as a way of ensuring high profits and moving its oil quickly. Nigeria experienced harsh economic times and quick sales would have been a beneficial short-term strategy. Spot markets offer sellers to trade their crude oil at the moment, as opposed to a futures market, which allowed a seller to possibly fetch a high price. Engaging in the spot market, however, is not a smart solution for the long-term because of price fluctuation and uncertainty over quantities demanded. Going to the spot market also undercuts the goals of OPEC. Although in practice it is a relatively common practice among OPEC members, but is publicly denied.⁴⁵⁵ Aside from the typical reasons for nationalizing, observers isolated a few specific, revenue-oriented, reasons to explain why Nigeria chose to nationalize when it did.

⁴⁵⁴ "Nationalisation," memo from Shell (London) to BP (London), 31 July 1979, BP 4823, 1.

⁴⁵⁵ "Editorial: Nigeria Won't Stand for Blackmail," *Nigerian Tide* [Port Harcourt] (11 August 1979), 3.

Nationalization and Economic Nationalism

The act of a state nationalizing private assets and operations has a history that dates back to the 19th century with the rise of states, nation-states, and notions of human welfare and equality. The role of the state became more than simply a hollow structure containing and regulating citizens; it turned into a series of institutions designed to ensure safety, establish basic infrastructure, and distribute wealth. Within contemporary programs of economic nationalism, nationalization represents an integral component. But, nationalizations are not all the same. Within the secondary literature, the act described by most as nationalization has been reconfigured within the guidelines of legal code. Thus, terms such as expropriation, confiscation, and indigenization have been developed to better articulate the legal aspect of how a transfer of operations took place. Yet, these terms offer neither the information about the mindset of a government, nor the context in which it took place. In this chapter I have proposed as a point of departure two forms of nationalization. Derivative nationalization, as applied by countries such as Venezuela, Mexico, Iraq, and Libya, focus on the common problems of participation, posted prices, and the accessibility of petroleum products. The reasons stated publicly are largely believed to be in line with those discussed behind closed doors. In contrast, is deceptive nationalization, which is exemplified by Nigeria, describes the way in which declared reasons differ from the contextual-derived reasoning. The nationalization of select portions of BP's operations in Nigeria fits into this category. The idea behind pinning the nationalization on southern Africa as opposed to the domestic program of economic nationalism is explained in the next chapter.

Chapter 6: Looking Outward: Nigeria and Southern Africa

In a 1981 publication, Andrew Young, a promoter of US-Nigerian relations, made this statement:

Nigeria will endeavor to foster its interest in economic development and stable trade relationships with the West while simultaneously continuing to use its leverage with Western nations and corporations in the interest of its political goals on the African continent –especially with regard to South Africa.⁴⁵⁶

This description of Nigeria illustrates the global recognition of Nigeria's leadership position in the liberation of southern Africa. It also highlights Nigeria's willingness to use its "leverage," meaning its ability to take punitive measures against Western countries and firms who interfere with the liberation process. Most importantly, the passage above explicitly links Nigeria's economy to its nationalist project. This passage serves as an excellent way to introduce three main ideas argued in this chapter.

First, the primary goal of this work has been to show how Nigeria's nationalization of BP hinged on domestic economic policy as opposed to foreign policy pertaining to southern Africa as indicated in the secondary literature. This conclusion, however, does not suggest that developments in southern Africa played no part. Nor does it pass critical judgment on Nigeria's method of operation; indeed, the strategy proved highly effective. This chapter shows how Nigeria deliberately linked the two events together for the greatest return in its quest for nationalist sentiment and why.

Second, economic nationalism as an analytical perspective thus far has been used in emphasizing the importance of addressing economic policy as a form of nationalism. In this chapter, we take economic nationalism to the ultimate test of applying it outside the comfort zone of domestic economic initiatives and into the realm of foreign relations and expressions of cultural nationalism. Instead of looking at economic policy as a tool of nationalism, we explore nationalism as an influence on economic policy. In doing so, we see the undervalued influence of pressure groups and the Nigerian media. Most secondary works separate Nigeria's foreign policy from its economic policy, offering conflicting conclusions about Nigeria during the 1970s. This chapter seeks to reconcile this disparity and in doing so confronts assumptions about authoritarian leadership.

Looking Outward

Nigeria's foreign policy underwent significant changes between 1965 and 1970. Scholars divide its development during this period into three broad phases. It is no coincidence that these phases coincided with Nigeria's change in leadership, although none of the coups were driven by the failings of Nigeria's foreign policy. The first phase coincides with President Tafawa Balewa during the First Republic; the second with Gowon (1966-1975); and the third with the leadership of Muhammed (1975-1976) and Obasanjo (1976-1979). Overall, Nigeria's foreign policy underwent a deliberate expansion away from an exclusive political and economic relationship with the UK toward a more diverse one. Nigeria toyed with fostering trade relations, albeit weak ones,

⁴⁵⁶ Andrew Young, "The United States and Africa: Victory for Diplomacy," *Foreign Affairs* 59, no. 3

with Japan, and the Soviet Union; and, with great success, its West African neighbors. It was Gowon who turned Nigeria's greatest amount of attention toward the problems of southern Africa.

Ibrahim A. Gambari best characterized the first phase taking place during the First Republic (1960-1966) as a time of "uncertainty" and "timidity" largely stemming from a lack of "national ideology" and "nation-wide consciousness."⁴⁵⁷ Balewa adhered to a policy of nonalignment, whereby Nigeria maintained an intentionally pragmatic and non-ideological policy placing it in a neutral position. With particular regard to African politics, this policy removed Nigeria from any responsibility of deploying financial or military assistance. Nonalignment, however, did not prevent Nigeria from maintaining a minimal membership in the OAU since its formation in 1962. In theory, Nigeria cherished the anti-colonial commitments laid out in the organization's charter. In reality, Nigeria continually rebuffed progressive steps toward total liberation of Africa put forth by the organization.

On the topic of independence for people of color in South Africa and Southern Rhodesia in the early 1960s, Balewa called for gradual independence with 1970 as a feasible goal. Pressure within Nigeria grew through groups, such as the Nigerian Youth Congress, clamoring for Nigeria to change its position and take an active role in the liberation of southern Africa.⁴⁵⁸ Nonalignment served as a policy of convenience, which allowed Nigeria to nurture its fragile economic state under the financial and political

(1981), 655.

⁴⁵⁷ Ibrahim A. Gambari, *Theory and Reality in Foreign Policy Making: Nigeria after the Second Republic* (Atlantic Highlands, NJ: Humanities Press International, 1989), 6.

⁴⁵⁸ Akiba, *Nigerian Foreign Policy*, 38.

protection of the UK. During the First Republic, Nigeria deliberately avoided liberation movements in Africa and was beginning to generate criticism from its African neighbors.⁴⁵⁹

After the fall of the First Republic, Nigeria entered into its second phase best described as one of intensive activism, particularly in African politics. Several reasons accounted for this change. Nigeria's leaders starting with Gowon, some argue, brought Nigeria together in part because of their own lack of cultural/regional connection. Although murmurings of regional bias by Nigeria's leaders always appeared in public forums, the fact is that after years of living and studying abroad and taking part in military campaigns outside of Nigeria, leaders such as Gowon laid little claim to any particular region. Also, a central government simply suited the demands of a military leader better than a fractured distribution of power and revenue. This proved particularly true with the swelling revenue generated from Nigeria's oil industry.

A second reason for Nigeria's policy shift toward activism had to do with bouncing back from Nigeria's civil war. After the return of the oil-rich eastern region (renamed Biafra during the war) in 1970, Gowon took stock of Nigeria's political situation. A refurbishing of Nigeria's foreign policy with the explicit goal of making Nigeria into a great nation not only unified a war-torn Nigeria, but also improved Gowon's own reputation among African heads-of-state. Akiba writes that the civil war "enhanced consciousness of Nigerian leaders about the fundamental importance of stability...[and the] quick re-absorption of secessionists into mainstream national life."⁴⁶⁰

⁴⁵⁹ Akiba, *Nigerian Foreign Policy*, 43.

⁴⁶⁰ Akiba, *Nigerian Foreign Policy*, 102.

Gowon was particularly concerned with repairing relations with those countries such as Tanzania, Ivory Coast, Gabon, and Zambia who supported Biafra through the OAU. One scholar wrote of Gowon's preference for "adoration-value to the detriment of respect-value," meaning that he was more interested in acquiring praise through public voice than public action.⁴⁶¹

Some argue that Nigeria took an aggressive stance to southern Africa for the sole reason of punishing South Africa's support for Biafra, but no concrete evidence suggests that South Africa had any interest in Nigeria's civil war.⁴⁶² Many Nigerians, into the early 1970s, contended that South Africa actively tried to "subvert" Nigeria during and after the civil war. Arikpo, Nigeria's commissioner for foreign affairs, stated that "South Africa was trying to establish a base in São Tomé" with the purpose of weakening (in an unspecified way) Nigeria's influence over African leaders.⁴⁶³ The claim was far-fetched.

Gowon's foreign policy, although described as active, has never been portrayed as radical. While Nigeria cast itself as a leading nation and voice for the liberation of southern Africa, it also treaded lightly. By getting involved in the politics of southern Africa, Nigeria placed itself in confrontation with its largest trading partner and investor, the UK. Nigeria maintained a "special" relationship with the UK, partially fostered through its membership in the British Commonwealth. As a member, Nigeria enjoyed

⁴⁶¹ Akinyemi, "Nigerian Foreign Policy in 1975," 110.

⁴⁶² Akiba writes that the officers who overthrew Gowon in 1975 "nursed bitterness" against South Africa's support for Biafra. Akiba, *Nigerian Foreign Policy*, 105. Evidence for South Africa's activities in Nigeria's civil war is sketchy at best. An anonymous pamphlet printed by the Nigerian International Press claimed that the South African Air Force flew 2 to 3 times per week from Pietersburg, South Africa to an unspecified location in Botswana and on to São Tomé with arms for Biafra. Sympathy was suspected, but never proven. See *South Africa's Visible and Invisible Aid to Nigerian Rebels* (Lagos: Nigerian International Press, n.d.).

many economic perks. For example, raw materials including oil from Nigeria were imported duty free into the UK. In 1970, Nigeria's exports to the UK totaled 30 percent of its total exports and generated £125 million. Also, Nigeria received preferential treatment with regard to technical assistance and financial aid, which reached around £10 million in 1971. In comparison to other African commonwealth members, Nigeria receives roughly 15 percent of British aid. Also, as a commonwealth member, Nigeria benefited from its participation in several associations (political, technical, and economic) from which Nigeria receives information, contacts, and advice.⁴⁶⁴ During the 1960s and 1970s, Nigeria grappled, as did other African countries, with its membership in the organization.

Throughout the civil war, the British government provided Nigeria with the essential military assistance to squash the secessionist movement. And, the British government and its firms played an important role in the rebuilding of Nigeria afterward. While grateful, Nigeria emerged from the war with a sense of strength, unity, and desire for greater independence from the UK.⁴⁶⁵ Many Nigerians, including Gowon, saw Nigeria's "special" relationship with the UK as neocolonial. The ideology of economic independence, however, was overshadowed by Nigeria's reliance on the UK. In short, Gowon recognized that Nigeria lacked the capital, know-how, and trade networks to be

⁴⁶³ "Record of Conversation between the Foreign and Commonwealth Secretary and the Nigerian Commissioner for Foreign Affairs," 8 July 1970, PRO FCO 65/764, 5.

⁴⁶⁴ British Foreign and Commonwealth Office, "Commonwealth Prime Minister's Conference: January 1971 – Withdrawals from the Commonwealth: Loss of Benefits to Nigeria," 6 January 1971, PRO FCO 68/313, 2; Peter Kellner, "Britain's Stake in Commonwealth Africa," *Sunday Times* [London] (24 January 1971).

truly independent. He realized that criticism of UK policy in southern Africa had limits, for which Nigeria's own economic interests remained protected. Gowon treaded a fine line between a nationalist vision and a pragmatic one based on Nigeria's economic situation. To Gowon's growing opposition, he spoke from two sides of his mouth. He received criticism from African countries for his "inconsistent manners," which included a weak speech at the OAU summit in Kampala, Uganda where he "discouraged African nationalists from their struggles."⁴⁶⁶ Within Nigeria, Gowon worked closely with the UK and outside of Nigeria Gowon openly criticized the UK's handling of southern Africa.

When it became apparent that Gowon no longer intended to transfer Nigeria back to democratic rule, his forced removal by a group of officers in Nigeria's military was not surprising. Nigeria's new regime under the leadership of Muhammed (until February 1976) and Obasanjo brought with it a third phase in Nigeria's foreign policy development. While Muhammed's rule was short due to his assassination, he set Nigeria on an extreme path of activism, promising direct military assistance to African resistance forces in southern Africa. Obasanjo built on his predecessors' commitment to the liberation of southern Africa, but was described as "soft-pedaling," much like Gowon, because of his connections to the US and UK.⁴⁶⁷ In general, the foreign policy applied during the 1970s represented a radical departure from that of the First Republic. What receives the most attention regarding the policies shaped by Gowon and his predecessors

⁴⁶⁵ Nigeria was a bit dismayed by the British press' strong criticism of Nigeria's relief operations and the "excessive discussion" of the war within British parliament. "Visit of Dr. Arikpo, Nigerian Federal Commissioner for External Affairs," memo from John Wilson to W.S. Smedley, 3 July 1970, PRO FCO 65/764, 2.

⁴⁶⁶ "Israel and the United Nations," memo from British High Commission (Lagos) to British Foreign and Commonwealth Office, 19 August 1975, PRO FCO 65/1595, 1.

⁴⁶⁷ Gambari, *Theory and Reality*, 8.

is the role that Nigeria's petroleum industry played either in generating funds or in the symbolic sense of political strength.

Nigeria and the Liberation of Southern Africa

With regard to the liberation of southern Africa, Nigeria approached it with some clear ideas and boundaries imbedded within its definition of *liberation*. Nigeria saw the liberation of African from, as it saw it, the grips of colonial rule –in the case of Southern Rhodesia and South Africa, from white-minority rule. Generally, the liberation movement called for the sanctioning of freedom and equality within African countries. More specifically, the right to leadership achieved through open, fair elections that reflected the African majority's interests. Nigeria had its own interpretation. While Nigeria agreed with the idea of "African solutions to African problems," it very much saw that the UK needed to finish the process of decolonization. Nigeria held the UK responsible for the settlement of Southern Rhodesia, and, in part, for dismantling apartheid in South Africa. Much of the vision Nigeria projected on southern Africa's decolonization came from its own experience.

Nigeria showed a particular sensitivity to the election process taking place in Southern Rhodesia in 1979. During Nigeria's own first election, the UK was widely accused of manipulating the results to favor the northern political party, the Northern People's Congress. When it looked as if a similar situation would occur in Southern Rhodesia in favor of Bishop Muzorewa, Nigeria made its sentiments known. Like many other OAU members, the liberation of southern Africa for Nigeria did not mean the

removal of white settlers from the South. Indeed, they were considered an equally important part of the political system. Also, Nigeria's definition of liberation did not embody a vision of any particular economic policy, such as socialism.⁴⁶⁸ The liberation to which Nigeria subscribed called for a transfer of power, but without any concise opinion on the method other than holding democratic elections. Nigeria offered little advice on the structure of government. Overall, liberation as defined by Nigeria was limited in scope leaving the process open-ended.

Nigeria saw itself in the liberation campaign as a mediator, placing itself between African and European states.⁴⁶⁹ At times, Nigeria also saw itself as a leader of African states and the primary agitator toward the West. Some Nigerians have overstated the role of Nigeria too far, as in the case of this passage:

In 1979 Nigeria's oil was again used to Africa's advantage and this time against the Iron Lady, Mrs. Thatcher, whose policies towards Zimbabwe (in the eyes of African countries) tended towards the continuation of the white minority government in Zimbabwe. Nigeria struck a political and economic blow to the astonishment of the entire world...by announcing in Lusaka the immediate nationalization of British Petroleum assets in Nigeria.... Nigeria's action was praised by African countries and by other Third World countries. To an extent, it can be said that *Zimbabwe owes its independence to Nigeria*.⁴⁷⁰

What started as self-proclamation became a reality as Nigeria represented one of the few countries outside of southern Africa willing to confront the UK, UN, and the white-minority regimes. In the early 1970s, Nigeria boasted of having a large, successful (based

⁴⁶⁸ Timothy Shaw, "The State of Nigeria: Oil Crises, Power Bases, and Foreign Policy," *Canadian Journal of African Studies* 18, no. 2 (1984), 397.

⁴⁶⁹ Shaw, "The State of Nigeria," 397.

⁴⁷⁰ Onoh, *The Nigerian Oil Economy*, 123. Emphasis mine.

on the favorable outcome of the civil war) standing military, a swelling population in comparison to its neighbors, a rapidly growing economy due to the oil boom, and a domineering presence as one of the geographically largest countries in West Africa. The editor of *Nigeria: Bulletin on Foreign Affairs* writes:

By all reckonings, Nigeria emerged at the end of the Civil War as a middle power with its claim to being a great black power hardly open to any further doubt.⁴⁷¹

Similarly, the editor writes that within the category of “developing countries,” Nigeria saw itself as semi-peripheral to the center (the West). In the 1970s, it likened itself to Brazil, as an industrializing country.⁴⁷² If true, then Nigeria would have substantially set itself apart from nearly all of its African neighbors. Nigeria based its conclusion on its burgeoning oil industry that generated a great deal of revenue for the country. It failed to include the falling levels of agricultural production and exports. As a self-proclaimed semi-peripheral country, Nigeria saw itself in a position to act a mediator, with the sole purpose of drawing public attention to the issues.

Although activism regarding southern Africa primarily included the government endeavor generating its own campaign, small-scale pressure groups and independent citizens also encouraged it. For example, Nigerians through the Nigerian Afro-Asian Solidarity Organization expressed their disappointment to the UK’s settlement negotiation with Southern Rhodesia. The organization submitted its criticism to the Foreign and Commonwealth Office, stating

⁴⁷¹ The Editor, “Commentaries: Trends in Nigeria’s Relations with Africa,” *Nigeria: Bulletin on Foreign Affairs* 1, no. 1 (July 1971), 4.

We are convinced that the visit [of Sir Alec Douglas-Home with Ian Smith] is one of those maneuvers of British Imperialism to draw the wool over the face of the entire world, particularly the black world....⁴⁷³

The language of the Afro-Asian Solidarity Organization represents one of the most striking examples of strong and direct language against the UK. One member, Alhaji Aminu Kano, personally organized demonstrations throughout Nigeria against the UK's alleged plan to sell arms to South Africa. One took place on 1 August 1970 in a stadium in Kano and attracted several hundred supporters.⁴⁷⁴ Some Nigerians also joined the Anti-Apartheid Movement, intending to raise awareness within their communities in Nigeria and abroad. Many wrote letters to their local newspapers encouraging the federal military government to take action and, so to speak, strike while the iron was hot. Some Nigerians saw the possible election of Bishop Muzorewa as selected by the British prime minister, which went against the views of the African majority.⁴⁷⁵ One article recommended that the assets of all British companies "should be indigenised 'in the real sense of it,'" which suggests coded language for meaning nationalization.⁴⁷⁶ Similar recommendation was made by an employee at the National Museum in Lagos who proposed several areas for government action, including the nationalizing of "British corporate investment."⁴⁷⁷

To the international community, Nigeria presented itself and its foreign policy as straight forward. As Andrew Young indicated, Nigeria appeared willing to take drastic

⁴⁷² Evans, *Dependent Development*.

⁴⁷³ Nigerian Afro-Asian Solidarity Organization (NAASO), "Sir Alec Douglas Home's Visit to Nigeria: The Oppressive Regime of Ian Smith: We Ask for Armed Confrontation." memo from NAASO to Foreign and Commonwealth Office, 17 November 1971, PRO FCO 36/793, 1.

⁴⁷⁴ "Arms for South Africa," memo to John Wilson, 8 August 1970, PRO FCO 65/764, 3.

⁴⁷⁵ "Britain's Gamble in Zimbabwe," *Daily Times* [Lagos] (7 June 1979), 3; Austin E. Nwachuke, "Nationalise All British Firms in Nigeria," *Daily Times* [Lagos] (22 June 1979), 13.

⁴⁷⁶ Joaseph Awotayo, "Ban UK Goods from Nigeria," *Daily Times* [Lagos] (22 June 1979), 13.

measures in order to ensure freedom for southern Africans. Nigeria became known in the international community for its grand gestures, often including threats to expel foreign nationals and companies. According to the popular narrative on the nationalization of BP, it did just as it promised. Nigeria hosted conferences, such as the World Conference for Action against Apartheid in 1977 and made several diplomatic visits, especially to the US, to spread awareness and gather support. It actively engaged itself in several organizations such as the OAU, UN, and FLS, in order to facilitate discussions and provide assistance to the liberation movements in southern Africa. In May 1979, Ondo State sent ₦76,000 as part of its share of the federal government's ₦90,000 contribution to the South African Relief Fund ran by the UN.⁴⁷⁸ Several scholars comparing Nigeria's words to its actions highlight inconsistencies and moments in which Nigeria appears guilty of playing both sides, so to speak.

James Mayall, for example, concludes that Nigeria's foreign policy was almost invisible to the outside and lacked cohesion.⁴⁷⁹ In July 1979, the *Economist* described Nigeria as having bark but no bite.⁴⁸⁰ One reason for this is that Nigeria's economy heavily depended on the export of raw materials and, thus, the country's wellbeing hinged on positive relations with its major trading partners such as the UK. As a result, any radical proclamation in the name of liberation was tempered by its dependence on its export-based economy. Another reason for this duplicitous behavior stemmed from its political situation. Since 1966, no military leader's position in Nigeria was secure. This

⁴⁷⁷ Greg Eze Nwosu, "Zimbabwe: A Case of Western Strategem," *Daily Times* [Lagos] (11 July 1979), 8.

⁴⁷⁸ "₦76,000 for Victims of Racists Horror," *Nigerian Tide* [Port Harcourt] (23 May 1979), 1.

⁴⁷⁹ Mayall, "Oil and Nigerian Foreign Policy," 318.

meant that every leader in Nigeria weighed heavily the risks to his popularity before taking a radical step.

Scholars largely agree that the grand vision for the liberation of southern Africa includes points of continuity, while the execution of them differed. All of Nigeria's leaders expressed great concern over the future of southern Africa, stressed the importance of forging a sense of broad African unity, and showed some level of commitment to maintaining positive political and economic ties with the rest of the world. Nigeria's foreign policy needed to remain flexible and actively monitored. However, we have only thus far viewed Nigeria's foreign policy through the most prominent of three major perspectives that exist in the literature –that which highlights the discrepancy between Nigeria's policy-making and policy-application with regard to its international relations. The second category emphasizes the impact of Nigeria's foreign policy within the country, which we will return to shortly. A third category deals with the relationship between Nigeria's natural resources and its foreign policy.

Many scholars connect Nigeria's oil wealth during the 1970s with its "assertive behavior" in Africa.⁴⁸⁰ Oil revenue played a significant role as the impetus for entering the international arena, but did not serve as the primary catalyst. Oyo Ogunbadejo, for example, writes that Nigeria's oil wealth gave it the economic basis and confidence to "give more substance to its foreign policy."⁴⁸² Yet, Gowon's interest in the OAU and

⁴⁸⁰ Q.M. Morris, "Nigeria," 3 August 1979, BP 4823, 1; "Talking of Barking and Biting," *Daily Times* [Lagos] (8 August 1979), 9.

⁴⁸¹ Akiba, *Nigerian Foreign Policy towards Africa*, 3.

⁴⁸² Oyo Ogunbadejo, "Nigerian Foreign Policy under Military Rule, 1966-1979," *International Journal* 25, no. 4 (Autumn 1980), 765.

southern Africa took place several years prior to the oil boom. Attributing this change solely on oil ignores political ambitions. In support of this idea, Akiba states:

[t]he sudden increase in the wealth of a nation never leads in an unambiguous manner to resolving the myriad problems of underdevelopment and dependency... [because] ...the capacity for state action is often constrained by the overall structural context within which foreign policy operates.⁴⁸³

His point is that the oil wealth came from a particular foreign policy and that to change the foreign policy would possibly hinder the arrival of oil wealth. Regardless, Nigeria's oil wealth gave it the confidence and clout to backup its claims, especially those regarding punitive measures against "rogue" companies and countries.

The Call for Liberation

Nigeria's leaders rallied the country behind its campaign for the liberation of southern Africa through a combination of public speeches, use of the Nigerian media, publicized diplomatic visits, and published sources backing its initiatives. This section strives to answer three basic questions. First, what messages did Nigeria want to get across and how did it do it? Second, what buzzwords and popularly understood phrases and ideas were used? Third, who influenced who? Did Nigeria's leaders act independently or did they incorporate ideas from local pressure groups? To answer these questions, we turn to the popular sources such as government announcements,

⁴⁸³ Akiba, *Nigeria's Foreign Policy*, 7.

newspapers, and speeches given by Nigeria's leaders. Secondary sources are also referenced as they represent the popular opinion in a written, semi-analytical format.

The federal military government emphasized in its public addresses the importance of southern Africa as a national concern for Nigeria. Most Nigerians had no connection to southern Africa, let alone the knowledge to locate the region on a map. Many did believe the conspiracy that white-minority regimes in southern Africa had contributed to the prolongation of their civil war in hopes of seeing this great African giant fall. And, while not knowing all the details of southern Africa's sorted history, many Nigerians emphatically agreed that all African nations should be liberated. The federal military government merely took already existing ideas and concretized them into a national ideology using the national media. The government underscored the importance of total liberation in Africa and accentuated a fear that South Africa, particularly, was out to violate Nigeria's security.⁴⁸⁴ All of these issues came out strongest just prior to the nationalization of BP's operations.

The Nigerian press was instrumental in transmitting ideas of nationalism and the liberation of southern Africa. But, how free was the press? Does the press represent a mouthpiece or a public forum for discussion, through which to make recommendations to the government? Scholars studying the Nigerian press offer great insight into the complex relationship between the state and the press. Under both Gowon and Obasanjo, the press served as a promoter of national unity and culture as well as an educator of the people on social conduct and citizenship. The number of newspapers circulating in Nigeria during the 1970s at least doubled. The government's creation of newspapers for new states

served as a way of opening a public space for dialogue. In part, this was the federal military government's attempt at offering regions political representation. In 1978 the *Nigerian Voice* was created for Benue State to represent those living within the Niger Delta outside of Port Harcourt.⁴⁸⁵ The amount of freedom to speak honestly about economic and political development within Nigeria varied depending on the regime in power and its level of confidence.

When Gowon first came into power in the late 1960s he declared his support of the newspapers; however, it was not long before he began arresting journalists without warrants.⁴⁸⁶ Muhammed and Obasanjo's first order of business when they came to power was to liberate imprisoned journalists.⁴⁸⁷ They, too, however kept a close eye on the press. I. Bayo Oloyede writes that under Obasanjo, "the press was...less restrained than the public at large."⁴⁸⁸ Both regimes maintained a staunch policy on "acts of treason," preventing any journalist from openly criticizing the government. The Kaduna-based paper, *New Nigerian*, enjoyed less independence in its printed discussions than the Lagos-based *Daily Times*. Some scholars argue that, overall, the Nigerian press enjoyed more freedom under military rule than democratic rule.⁴⁸⁹ For the most part, the federal military government encouraged the newspapers to publish articles that fit the nationalist agenda of national unity, federalism, and the strength of Nigeria within African politics.

⁴⁸⁴ "Plot Against Nigeria," *Daily Times* [Lagos] (26 May 1979), 1.

⁴⁸⁵ John Anamaleze, *The Nigerian Press: People's Conscience?* (New York: Vangate Press, 1979), 5.

⁴⁸⁶ I. Bayo Oloyede, *Press under Military Rule in Nigeria, 1966-1993: An Historical and Legal Narrative* (Lewiston, NY: E. Mellen Press, 2004), 50.

⁴⁸⁷ Oyeleye Oyediran and Alex Gboyega, "The Nigerian Political Scene in 1975," in *Survey of Nigerian Affairs, 1975*, ed. Oyeleye Oyediran, 6 (Ibadan: Oxford University Press, 1981),

⁴⁸⁸ Oloyede, *Press under Military Rule*, 2.

⁴⁸⁹ Ibid.

The same ideas reached the public through government funded or published projects geared toward well-educated Nigerians within and outside the country and those working within the swollen civil service. In some ways, these publications served as briefing notes for government officials. In July 1971 the federal military government supported the printing and circulation of *Nigeria: Bulletin on Foreign Affairs*, which served as a forum to declare Nigeria as *the* liberator of Africa and remind its educated citizens of its success as such. The information provided in the bulletin reads as a detailed list of international involvement, with a nationalistic spin on past events. Speeches given within and outside of Nigeria were frequently transcribed within this journal or published independently. The benefits of publishing the speeches included wide circulation at home and abroad. Foreign companies operating within Nigeria used these speeches as a way to understand Nigeria. BP collected the speeches and examined them for evidence of posturing and warnings about nationalization. Overall, these sources serve as excellent illustrations of the ideas embraced by the federal military government during the 1970s. Textual analyses reveals a great deal about what leaders chose to emphasize and deemphasize through indigenous and borrowed language.

A speech by President Shehu Shagari to the UN General Assembly after his inauguration in 1980 offers a comprehensive example. Born and educated in northern Nigeria, Shagari had participated in Nigerian politics since the late 1950s. Between 1967 and 1970 he held various positions with the government, including the Sokoto Native Authority. In the 1970s he worked as the Federal Commissioner for Economic Development, Rehabilitation, and Reconstruction and as a member of the Constituent

Assembly. In the 1979, he won the presidential election through a compromise.⁴⁹⁰ Within the federal military government, Shagari participated and advocated the nationalist vision. Within his 1980 speech, the same grievances, manipulation of language, and solutions in this speech were offered by his predecessors in previous years. Indeed, the value of his speech is that almost all of the ideas espoused during the 1970s by Gowon, Muhammed, and Obasanjo are encapsulated within this one passage. To the UN General Assembly, Shagari declares:

Africa bears the scars of a long history of spoliation and deprivation, ages of the slave trade and foreign aggression, of both political and economic injustices. The current crisis in the world economy is wreaking havoc in Africa.... For most of Africa negotiations are about survival itself. The very existence of some of our beings as citizens is being critically threatened by adverse economic forces and natural disasters.... It will take years before we in Africa can exercise our right to full unity and effective participation in the current international economic system. In spite of the enormous natural wealth and resources of Africa, our continent remains the least developed and our people the most deprived. These degrading possibilities make a mockery of our political independence. We are therefore resolved to make progress. We must therefore refuse to subsidize the economies of the rich by continuing to sell our raw materials and labour to them cheaply in return for their exorbitantly priced manufacturing goods.... In the wake of this Assembly's important deliberations concerning the new international development strategy and the global negotiations, I call upon the Assembly to launch a decade of reparation and restitution for Africa as a master plan for the economic recovery of Africa.... I intend to dwell further on African concerns, because the destiny of Nigeria is inextricably linked with the fortunes of all countries of Africa and all peoples of African descent abroad.... As a plan we have continued and shall continue to strive vigorously for the inclusion of the rights and dignity of the black man everywhere, who for too long have suffered humiliation and discrimination..... Nigeria will no longer tolerate the provocations by South Africa or the illusory tactics of its allies in the Western bloc with regard to the determination and majority rule in Namibia.... Throughout all the 33 years that apartheid policies of the government of South Africa have been considered and condemned by

⁴⁹⁰ David Williams, *President and Power in Nigeria: The Life of Shehu Shagari* (London: F. Cass, 1982).

this great Assembly, it has become clear that the only peaceful avenue left for their elimination is the imposition of sanctions... In calling for sanctions, particularly an oil embargo to complement the existing embargo against South Africa, I want to emphasize that our Charter specifically prescribes sanctions to give effect to the decisions of the Security Council.... But sanctions alone will not destroy apartheid and racism in South Africa.... The termination of apartheid and racism in South Africa is the challenge of our decade and the attainment of that goal will constitute man's last major victory over the evil forces of colonialism.⁴⁹¹

The most striking features of this excerpt of Shagari's speech include the invocation of ideas that circulated within the African diaspora. He speaks directly to the UN, encouraging them to adopt a strict policy toward South Africa and a benevolent attitude toward the plight of African nations.

Shagari's speech invokes ideas circulated within the African diaspora such as racism, reparations, and labor exploitation. Public discussions within the 1970s tinkered with ideas of racial inequality borrowed from the African diaspora. Attempts were made, especially in the second half of the 1970s, to reach out to African-American political figures and activists in the United States. The British government saw this racial consciousness as evidence of the African-American influence in Nigeria:

Politically, Nigeria considers itself, and is considered by other black nations, as the natural leader of the black race. She is accordingly being wooed by the black community in the United States....⁴⁹²

One way in which Nigeria's leaders did this was by inserting themselves within discussions important to African-Americans. Public forums within Nigeria attempted to

⁴⁹¹ President Shehu Usman Aliyu Shagari, "Speech to UN General Assembly," summer 1980, BP 125365, 1-3.

facilitate this connection by conducting their own discussions on racism, racial inequality, and reparations.

In Nigeria, however, race did not typically register in the same way it does in places such as the United States, Southern Rhodesia, and South Africa. Unlike Senegal and parts of the African diaspora, Nigeria did not produce in first half of the 20th century scholars that discussed race. For Nigerians, frustration against economic problems, social divide, and political instability are not expressed in terms of race or skin color. For one reason, decolonization left few whites living and working in Nigeria. Europeans, especially, lived in private enclaves and engaged in limited interaction with local Nigerian communities. For another, black Africans took control of Nigeria's government at independence. Nigeria saw the politics of southern Africa as, indeed, serious and in need of correction, but Nigeria's political leaders tended to focus on the remaining vestiges of colonial rule in Africa. Typically, Nigerians did not accuse the British of endorsing racism in southern Africa; instead, they accused them of taking a *laissez-faire* attitude toward the white-minority colonial regimes. References to racism and racial inequality within speeches, for the most part, represented an effort to tap into the African diaspora. For example, on the fifteenth anniversary of the Sharpeville Massacre in South Africa, the commissioner for external affairs, Okoi Arikpo stated:

It is the duty of not only the Government but of all the people of Nigeria – as indeed that of every black man the world over –to continued to support the diplomatic, economic, and cultural isolation of South Africa until the country abandons its racial discrimination; until that Government treats

⁴⁹² “Effect on Anglo-Nigerian Relations of the Sale of Arms to South Africa,” memo from British High Commission (Lagos) to Secretary of State for Foreign and Commonwealth Affairs, 17 April 1971, PRO FCO 68/313, 2.

the black man in South Africa as a full citizen of the country of his birth.⁴⁹³

In his statement, Arikpo explicitly calls on Nigerians to support a government policy of sanctions against South Africa. His speech raises political consciousness and nationalist sentiments using strong language about race and discrimination. Likewise, a series of newspaper articles in Nigeria attempted to explore historical connections between Nigeria and the US, drawing parallels between degrees of subjugation and exploitation. For the most part, however, Nigerian public opinion saw the similarities as not about race, but about global capitalism in the form of imperialism that resulted in economic exploitation.⁴⁹⁴

Shagari's speech also referenced reparations, again drawing ideas borrowed from the African diaspora. The topic of reparations gained in popularity within the United States among African-Americans asking for not only an apology from the government, but also monetary payment for suffering, loss of family, and countless hours of forced backbreaking labor during over a century of slavery. While African-Americans lacked consensus on the issue of reparations, the idea circulated for many years, especially during the 1970s. The experience of slavery within the African diaspora was not something most Nigerians fully understood. For Africans, reparations were more about compensation for specific state-sponsored brutality during colonialism. In the case of Kenya, Africans have recently called on the British to pay reparations to survivors

⁴⁹³ "Fifteenth Anniversary of the Sharpeville Massacre in South Africa –A Statement by the Commissioner for External Affairs, Dr. Okoi Arikpo," in *Survey of Nigerian Affairs, 1975*, ed. Oyeleye Oyediran, 255 (Ibadan: Oxford University Press, 1981).

⁴⁹⁴ Yemi Ogunbiyi, "The Truth about Their Plight," *Daily Times* [Lagos] (12 June 1979), 2.

regarding the violence and torture endured during the Mau Mau uprising. The British murdered, detained, and tortured upwards of 100,000 Africans. While Nigerians did not interpret reparations the same way or relate to slavery directly, they saw the connection between themselves and Africans within the diaspora on the issue of labor exploitation. Nigerians under colonial rule were quite familiar with forced labor, harsh working conditions, and political subjugation.

In order to appeal to Nigerians, speeches like Shagari's emphasized the colonial experience and called for the remaining vestiges of colonial rule in Africa to be eliminated. For example, in his speech to the OAU in 1971, Gowon deliberately tailors his points toward the end of colonial subjugation as opposed to racial inequality. He proclaims: "It is my strong conviction that the time has come when we should liberate at least one colonial territory within the next three years."⁴⁹⁵ In publications circulating in Nigeria discussions about southern Africa tended to adhere to themes of European hegemony and anti-colonialism.

For the most part, the Nigerian government used southern Africa as a rallying point. The situation in Southern Rhodesia and South Africa made the headlines of newspapers and became the focus of public discussions because the government made it that way. Using language that touched on racism and exploitation was highly effective in getting Nigerians to recognize the importance of the country's commitment to the liberation of southern Africa. But, to internalize it and really make this campaign

⁴⁹⁵ Major General Yakubu Gowon, speech given at OAU 8th Assembly, 21 June 1971 in *Nigeria: Bulletin of Foreign Affairs* 1, no. 1 (July 1971), 43.

effective and make foreign issues such as race and reparations hit home, they needed to make the messages reflect the trials of Nigeria's history.

Internalizing the Liberation Movement

Nigeria was able to internalize the movement by hitching the liberation of southern Africa to Nigeria's historical experience and strong anti-colonial sentiment. Odetola sums the relationship between nationalism and liberation perfectly: "Nationalism generates support from traders, businessmen, laborers, and a cry for liberation makes it a rallying point."⁴⁹⁶ The federal military government tapped into the spirit of anti-colonialism, drew connections between foreign oil companies and imperialism, and invoked a fear of war and political struggle.

The first included rekindling the spirit of anti-colonialism and applying it to the contemporary neocolonial situation. The nationalist period—from the end of World War II to independence—has been described as Nigeria's "golden age" because it represented a time of greatest unity against the British as a common enemy. Arthur A. Nwankwo writes: "It is probably true to say that Nigerian came closest to true nationalism during the struggle for independence, particularly in the 1940s."⁴⁹⁷ Nationalists in Nigeria promulgated the concept of the Other. Placing the collective memory of colonialism—the discrimination, injustice, and exploitation—into the context of southern Africa provoked a strong response, stronger than any mention of racism or reparations. To Nigeria, southern

⁴⁹⁶ Theophilus Olatunde Odetola, *Military Politics in Nigeria: Economic Development and Economic Stability* (New Brunswick, NJ: Transaction Books, 1978), 43.

⁴⁹⁷ Nwankwo, *National Consciousness*, 24.

African countries remained exploited colonies (ie Portuguese colonies of Angola and Mozambique) and were deprived of proper decolonization (as in the case of South Africa and Southern Rhodesia).

The second rallying point included calling for the disengagement from a neocolonial situation. In the 1960s, Kwame Nkrumah of Ghana introduced the idea of African countries after independence positioned with the international economy as neocolonial states. He proclaimed that although these countries attained the legal distinction of independent, they still very much depended on their former European colonizers. Economically speaking, the nature of each African country's relationship with its former colonizer remained virtually the same. The oil sector represented the most glaring area in which Nigeria was still a neocolonial state. It was the most lucrative and politically valuable portion of Nigeria's economy. Not surprisingly, it became the focus of nationalist economic policy. Public discussions, in part spawned by the federal military government, connected control of its oil industry with notions of imperialism, neocolonialism, and the continuation of the British empire. For example, a news article described Shell-BP as "expanding its empire."⁴⁹⁸ Neocolonial or not, people expressed concern over the possible return or expansion of empire.

What concerned many people was that it might be done through political deceit and financial fraud. Within the oil industry this could be done through the falsification of oil production levels and profit reports. In 1979, Nigeria accused BP of violating its ban on trade and political relations with South Africa. Nigeria, as well as many other less developed, oil-rich countries, saw the major oil companies as pawns of their home

countries. In the case of the UK, British firms were viewed as extensions of the British empire—in a way that French or Italian companies were not. BP was not seen as a truly free agent, bowing to the demands of the UK even if this included violating sanctions. BP had also operated extensively in Nigeria during colonial rule as was viewed as an agent of the British empire. BP, out of all the major oil companies in Nigeria, needed to be updated to reflect the new, independent Nigeria. To rally people behind ridding the country of neocolonial attachments, the government revived anti-colonial sentiments. Concern over being, or becoming, a neocolonial state, however, was problematic. During the 1970s, Nigeria tended to see any form of economic dependency on the UK as neocolonial. The nationalization of BP, and all its other endeavors at economic participation, were efforts to counter this relationship. In 1964 33 percent of all goods imported into Nigeria came from the UK, but by 1978 that number dropped to 25 percent.⁴⁹⁹ Nigeria's goal included not only reducing its reliance on the UK for trade, but also increasing its relations with companies based outside of the UK. Many construction contracts, for example, went to firms from Asia and trade arrangements to African countries and the US. Exports to the US, for example, expanded from 7 percent in 1964 to 40 percent in 1978.⁵⁰⁰ Dependency in itself is not a bad thing; what is bad is to lack autonomous development of any kind.⁵⁰¹

The third rallying point drew from experiences shared by Nigerians of war and political struggle. Ernest Renan, in the late 1800s, commented on the centripetal force of

⁴⁹⁸ "Of Oil and Economic Independence," *Daily Express* [Lagos] (7 April 1970).

⁴⁹⁹ Spiliotes, "Nigerian Foreign Policy and Southern Africa," 42.

⁵⁰⁰ Ibid.

⁵⁰¹ Peter O. Olayiwola, *Petroleum and Structural Change* (Westport, CT: Praeger, 1987), 155-7.

historical memory, especially through adversity. He writes that “griefs are of more value than triumphs, for they impose duties and require a common effort.”⁵⁰² The post-civil war atmosphere in Nigeria allowed for a receptive audience to civic nationalism, especially with the failure of secession. Also, the federal military government also capitalized on the notion of unity through war, by inducting its citizens into a new kind of war, which was the liberation struggle in southern Africa. Nigeria armed its citizens with information, war cries, and a sense of purpose. For many Nigerians, this was an effective strategy because it invoked feelings of empathy and camaraderie.

As mentioned above, the federal military government emphasized the situation of southern Africa as a threat to national security. To not take an interest in those affairs placed Nigeria at great risk. Indeed, Nigeria’s language fits into Renan’s idea that the “nation...is a culmination of a long past of endeavors, sacrifice, and devotion.”⁵⁰³ As implied previously, Nigerians felt a mixture of betrayal and resentment toward the UK, which Nigeria projected on southern Africa. Liah Greenfield in her work on nationalism speaks of unity through a sense of inferiority and envy, which she labels *ressentiment*. In the case of Nigeria, we see this as a clash of a fractured sense of oppressed nationalism by Nigeria against the UK’s dominant nationalism, which simultaneously serves as a model to replicate and an enemy to be feared.⁵⁰⁴ This struggle played out in southern Africa, with Nigeria alternating from a direct confrontation with the UK to an indirect one through southern African nationalist movements.

⁵⁰² Ernest Renan, *Qu’est-ce qu’une nation?* (Paris: Calmann-Levy, 1882), 19, quoted in Anthony D. Smith, *The Nation in History* (Hanover: University Press of New England, 2000), 12.

⁵⁰³ Ibid.

⁵⁰⁴ Munck, *The Difficult Dialogue*.

The federal military government used a variety of methods and ideologies to create a sense of national unity through the common cause of southern Africa. Additionally, pressure groups within Nigeria complimented this vision through their activities. The press was instrumental in disseminating information about southern Africa and Nigeria's destiny as the "giant of West Africa" to lead in the African liberation struggle. Nigeria's leaders during the 1970s attempted to connect with the African diaspora creating a global united front through discussions of race, labor exploitation, and reparations. It also invoked anti-colonial sentiment appealing to the African population at home in conjunction with alerting people to the problem of being a neocolonial state. The idea of the UK no longer "pulling the wool over our eyes" resonated strongly with many Nigerians.

Raising National Consciousness

No doubt, Nigeria's role in the liberation of southern Africa was real with some degree of genuine commitment. But, despite the popular narrative, the nationalization of BP emerged out of domestic economic policy represented just one of many take overs conducted in the 1970s. However, this does not mean foreign policy had no role to play. The oil bust in 1978 upset that trend and revealed the failure of that project to materialize for the average Nigerian. In the last years of the decade, Obasanjo shifted brought southern Africa into primary focus in order to carry out a few final and assertive economic policies. This section addresses why southern Africa became a successful focal point. For Nigeria, southern Africa facilitated a distraction away from domestic problems

and lack of democracy. Scholars have documented the relationship between domestic instability and foreign conflict. It allowed for a military regime to capitalize on its strength in engaging in a “battle” over colonialism to justify its existence. It also allowed Obasanjo to leave office during a moment of glory. Most importantly, the tactic produced the intended results. This southern Africa twist applied to the last years of this remarkable decade have altered the way in which Nigeria is understood, particularly within the secondary literature.

By and large, the military leadership in Nigeria adhered to some of the basic characteristics attributed to those all over the world. Symbolism, idealistic language, and tactics devised on militaristic terms were common features. Odetola writes that military leaders frequently present themselves as “the embodiment of nationalism, national unity, modernization.”⁵⁰⁵ However, these leaders do not adhere to the principles of democracy and individual freedom, resulting in the banning of political parties, trade unions, and any threatening youth organizations. Their messages are deliberately disseminated on a large-scale with ambiguous meanings attached to terms of liberation, racism, and freedom.⁵⁰⁶

In discussing the foreign policies of developing nations, political scientists have observed a relationship between domestic instability and foreign conflict. Peripheral countries such as Nigeria experiencing domestic problems, find strength for the ruling regime within the international arena. Richard Vengroff states that the reasons for this include a desire to prevent foreign conflict from “destabilizing its own country” and also

⁵⁰⁵ Odetola, *Military Politics in Nigeria*, 39.

⁵⁰⁶ Odetola, *Military Politics in Nigeria*, 43.

“may represent an effort to divert attention from domestic conflict.”⁵⁰⁷ The latter has the effect of unity through the identification of an outside enemy. In the case of Nigeria, it was racist, white-minority regimes in South Africa and Southern Rhodesia.⁵⁰⁸ These ideas can be exaggerated into near melodramas, where the aggression of an enemy is perceived as base on “evilness” and separated from political context. Southern Africa created an avenue for fostering country-wide nationalism and a sense of unity that had been debilitated during the civil war.

One common agenda among military leaders is to unseat ethnic nationalism in favor of civic nationalism, which often fails in the face of economic decline.⁵⁰⁹ For the most part, military governments work within the framework that their presence is a temporary adjustment to correct errors of the previous regime and set a country back on course. Gowon, for example, promised a transfer of power, which never occurred. Within African countries, military leaders often find themselves struggling to justify their continual rule and find solutions within their area of military expertise.⁵¹⁰ For example, Libya under Mu’ammar al-Qadhafi was under perpetual economic and political “revolution.” Nigeria, too, underwent an economic transformation carried out under a series of development plans and indigenization decrees. Military leaders are soldiers trained for battle and war and they carry this sense of purpose with them. They lead civilians, as if troops, into battle against various fronts within and outside of the country.

⁵⁰⁷ Richard Vengroff, “Domestic Instability and Foreign Conflict Behavior in Black Africa,” *African Studies Review* 23, no. 3 (December 1980), 100.

⁵⁰⁸ Vengroff, “Domestic Instability and Foreign Conflict,” 102.

⁵⁰⁹ Odetola, *Military Politics in Nigeria*, 42.

⁵¹⁰ I. William Zartman, *International Relations in the New Africa* (Englewood Cliffs, NJ: Prentice-Hall, 1966).

In times of war, people tend to rally around their leadership and local tensions tend to subside. In the case of Nigeria, Gowon and Obasanjo maintained the notion of fighting against colonialism and for the liberation of southern Africa. Muhammed even threatened to send troops into southern Africa. This is one reason for which the focus on southern Africa became central to the military regimes in Nigeria.

The problems of southern Africa also served as an excellent distraction away from the lack of democracy, increase of corruption, and failed development plans. On this subject Nwanko explains that the "... inadequacy of economic-political system is cleverly circumvented, and public attention is diverted to personal performances" of the military leaders.⁵¹¹ For Gowon and Obasanjo the greatest personal performance cited within the secondary literature has been their unwavering commitment to the liberation of southern Africa. At the same time, they treaded a fine line in making demands for southern Africa that went beyond the level of liberation experienced within their own countries.

Going back to Shagari's speech, we can identify two areas in which the Nigerian federal military government chose to be silent. First, Shagari's speech reveals a common practice among Nigeria's military leaders of not speaking about or promoting democracy. This is because it was not something Nigerians had. Second, the speech did not overtly address the plight of Africans all over world and their need to be liberated. Instead, the speeches spoke specifically about economic oppression and Nigeria's fragile position within the global, Western-dominated economy. To speak of political oppression in any other form would again highlight the irony of Nigeria's situation (as well as the majority

of African countries at the time). Southern Africa served as a distraction for those watching Nigeria's military leaders. Toward southern Africa, Gowon and Obasanjo displayed a sense of compassion and grounded idealism on the importance of freedom and democracy. A logical, but severely flawed, conclusion is that these notions were merely extensions of those put forward in Nigeria. Many living in Nigeria at the time, however, would disagree. Southern Africa helped shape the reputation of Gowon and, more importantly, Obasanjo.

Coming out of his stretch as military leader, Obasanjo acquired the legacy of being the first military leader to transition Nigeria back to democratic rule and as a successful champion of freedom for southern Africa. Much of this reputation formed during the election period from October 1978 to September 1979.⁵¹² No doubt, this legacy helped put him into the position of president in 1999. The nationalization of BP, as his last act in office, played an important role in securing Obasanjo's reputation. He was seen as a true leader in Nigeria and in Africa within a commit to democracy in progress, which Gowon never was able to secure because of his failure to allow elections to take place.

Using southern Africa as a central focus served the designs of the two successive military regimes well. Nigeria's involvement in the struggle for southern Africa also put the UK on guard and provided a significant amount of leverage for Nigeria. Also, Nigeria received recognition and praise from its African neighbors. If much of Nigeria's presence within the arena of African politics was self-crafted, did they receive the desired

⁵¹¹ Nwankwo, *National Consciousness*, 2.

international recognition and influence? At all the major political junctures –Anglo-Rhodesian negotiations and reports of sanction violations –officials in London turned to their counterparts in Lagos to determine the Nigerian reaction. Nigeria periodically set up a series of committees to review the possible retaliatory measures to take against the UK, which had a tremendous impact on UK firms and government offices. What is not clear at this time is whether other African leaders knew about the takeover of BP before it happened.⁵¹³ Until the late 1970s, the UK and British oil firms saw nationalization as unlikely.⁵¹⁴ This did not, of course, mean that Nigeria did not keep them in suspense. Also, Nigeria boasted of the public praise circulating in the Zambian media as well as among Zimbabwe nationalists. A representative of the Patriotic Front in Zimbabwe made a special trip to Lagos with the purpose of congratulating Nigeria. In a speech, the chief representative stated,

Western countries have come to get used to being threatened by one African country after another, but for the first time, Nigeria has taken action....⁵¹⁵

The nationalization received a great deal of praise from African countries, especially from those in southern Africa. Overall, Nigeria generated a great deal of international attention, diverting attention from its economic problems and toward the charismatic leaders such as Gowon.

⁵¹² Peter Koehn, "Prelude to Civilian Rule: The Nigerian Elections of 1979," *Africa Today* 28, no. 1 (1981): 17-46.

⁵¹³ "Zimbabwe-Rhodesia: Thatcher under Fire," *Financial Mail* [Johannesburg] (3 August 1979).

⁵¹⁴ "Nigeria and Rhodesia," memo from John Wilson to Mr. Campbell, 6 December 1972, PRO FCO 65/1203.

⁵¹⁵ "Patriotic Front Hails Nigeria's Action on BP," *Daily Times* [Lagos] (10 August 1979), 9.

In addition to the outcomes orchestrated during the 1970s are two that emerged afterward within the secondary literature. First, Nigeria's involvement with southern Africa has created a schizophrenic view of Nigeria's experience and its leadership in the 1970s. Anthony Kirk-Greene and Douglas Rimmer describe the 1970s under military rule as an era of "incompetence, inaction, of authoritarian if not reactionary values" but at the same time emphasize Nigeria's leaders as being "accredited with major achievements in foreign policy, local government reform, and economic control."⁵¹⁶ Within the secondary literature on Nigeria exists two opposing trends –works that praise and works that criticize Nigeria's leadership and policies. The latter certainly makes up the majority, posing questions regarding Nigeria's political and economic downfall. But, within the expansive body of literature on Nigeria there is a compelling pocket of works that narrow their focus on the years of promise and wealth through foreign policy. Most were written during the 1970s, with a few in the 1990s. These works celebrate Nigeria's role in the OAU, its status as a major oil producer, and its ambitious foreign policies. For several scholars, particularly Nigerian ones, these aspects of the 1970s were quite positive. They emphasize Nigeria's role as the "liberator" and "mediator" for southern Africa and base their analysis on the assumption that all observers accepted Nigeria's self-proclaimed title. These authors take delight in highlighting those moments of great assertive, no-nonsense policies. As a result, evaluations of Gowon and Obasanjo's regimes are inconsistent. Are they to be remembered fondly or dismissed as inept leaders? Works on Nigeria's foreign policy say the former, while those addressing economic policy say the latter.

⁵¹⁶ Kirk-Greene and Rimmer, *Nigeria since 1970*, 154, 153, 1

Second, the southern Africa tactic has perpetuated false notions of African leadership, vision, and overall agency. It has contributed to the idea that Africans operate on short-sided politics. In fact, the reason the nationalization of BP is wholly accepted as hinging on southern Africa is because this kind of behavior is expected of Nigeria. The nationalization was not rash and there is evidence that the NNPC had this design in mind for several years prior. Obasanjo and the NNPC simply waited until the optimal political moment to take advantage of a political situation. Playing complex politics, with smoke and mirrors is typical for the Obasanjo regime. One can argue that Obasanjo played on the global stereotype of an emotional, irresponsible Africa to progress with the nationalization for political gain. As a result, the nationalization has been used falsely as evidence for hasty African politics.

In this chapter, I have indicated several reasons as to why Nigeria's federal military government linked the nationalization of BP to its activism regarding southern Africa. It provided a rallying point for the country as well as smoke-screen to hide domestic problems. As intended, this strategy contributed heralded many praises from the African community and the Nigerian academic community. A significant body of literature on Nigeria's foreign policy during the 1970s attests to this celebration. For Obasanjo, this legacy contributed to his election as a civilian ruler in 1999. The liberation campaign reached Nigerians by government-monitored forms of media, government publications, and recorded speeches. All of these forms circulated not only within Nigeria, but also among Nigerians living abroad. In speeches, Nigeria's military leaders applied globally recognized concepts such as racism and slavery to invoke a strong response. But, within Nigeria, these terms were remembered and interpreted differently

than within the African diaspora. Also, several key issues so prevalent in discussions of liberation such as democracy and freedom of press were notably excluded in the speeches. Overall, Nigeria embraced the liberation cause within the confines of its own situation. The liberation of southern Africa, no doubt, served the purpose of unifying the country, albeit, temporarily. It complimented the agenda of economic nationalism, especially in the last two years of the decade, when oil prices dropped sharply and plans for taking over transnational oil companies had yet to be completed.

Conclusion

This project explores Nigeria's nationalization in 1979 of the London-based oil company, British Petroleum. It approaches the topic on two levels, with the first looking simply at why Nigeria nationalized BP and the second addressing the impact Nigeria's nationalist oil policy has had on Nigeria. More specifically, this project explores the federal military government's program of economic nationalism as well as how nationalism shaped economic policy. I argue that the focus of Nigeria's nationalization of BP rested almost completely within the parameters of economic nationalism. Furthermore, the nationalization was not an isolated, reactionary action involving southern Africa as suggested in the popular narrative, but, instead, an integral part of the trend of takeovers aimed at foreign companies. Many other oil companies within Nigeria underwent similar transformations from a foreign, private enterprise to a partial or total private, indigenous one. Obasanjo made use of southern Africa strategically in an effort to boost support for himself and the state within and outside Nigeria. The nationalization of BP, within this context, won great praise from members of the OAU. The way in which Nigeria nationalized BP and presented itself globally makes for an unusual case within cross-continental discussions of nationalization projects among oil-rich developing countries.

This chapter completes the analysis of the nationalization of BP by looking briefly at the impact it had on Nigeria's economy and society. Much of these successes and failures are discussed in previous chapters, making this discussion simply a synthesis of those ideas. This chapter brings together the two levels of analysis to address the impact

the nationalization of BP specifically had on Nigeria in addition to the projects of increasing participation as a whole. It is within this chapter that the dual qualities of the perspective of economic nationalism can be best appreciated. The presence of economic nationalism as a state-sponsored endeavor is hard to miss and overshadows the second, equally important, aspect in which nationalism influences economic policy. To recognize the latter brings into question who controlled the state –the supreme military commander or groups and individuals clamoring for economic power. This tension helps to explain why the vision of economic nationalism, as the primary identifier of Nigeria’s fractured society, had failed.

Impact of Nationalization

The nationalization of BP was heralded as a bold move by Nigeria that few others dared take. Nigerians displayed great optimism about the impact the nationalization would have on the UK. The local press extrapolated that the loss of 300,000 bbl/d would cripple the UK’s economy and plummet BP into financial trouble.⁵¹⁷ BP lost roughly 9 percent of its supplies for customers outside of the company. The company estimated a loss of £60 million that year.⁵¹⁸ While the crippling and the plummeting failed to materialize, the nationalization had a tremendous impact on Nigeria’s national consciousness. In the same way that the federal military government took great care to not describe the fate of BP as “nationalization,” Nigeria also went to such lengths in not making any promises about new jobs or improved revenue allocation. Any claims about

⁵¹⁷ “Take Over of Oil Firm Justified,” *Nigerian Tide* [Port Harcourt] (30 August 1979), 3.

crippling the UK and reducing Nigeria's unemployment rate did not come from the government. The nationalization of BP meant that the state received a substantial portion of the new SPDC's oil revenues. Beyond that, however, the nationalization of BP meant very little. Shell remained the company's manager and supplier of expatriate highly skilled employees. Although the Nigerian government did not make any claims, it had to know the implied meaning behind nationalizing an oil company. Based on previous nationalizations globally and locally, Nigerians associated them with increased participation among citizens. It is no wonder, then, that people living within the Niger Delta surrounded by Shell-BP's operations were among those most disappointed.

Within a few years of large-scale oil production, people in the Niger Delta began to suffer from the affects of pollution and land acquisition. In exchange for their sacrifice they received little. During the 1970s, tension escalated between the local communities and the oil companies, with the federal government ignoring the situation in hopes that the mythical "trickled down" theory would take affect. The complaints aired to the federal government started to emerge within the local press around 1970. After an entire decade of filing complaints and surviving gas flaring and oil spills with little improvement, people living in the Niger Delta realized that their government respected the wishes of the oil companies over theirs. And, the nationalization of BP as taking a part of Nigeria's largest and most problematic oil company brought little to no improvements. This highly praised nationalization, in the case of Nigeria, meant nothing. Presumably, the people in the Niger Delta felt let down and realized that their struggle was against two forces, not one, and with virtually no allies. The nationalization of BP

⁵¹⁸ "BP Searches for New Oil Supplies," *Daily Dispatch* [East London] (3 August 1979), 11.

figuratively and literally placed the obstinate national government in direct confrontation with local agitators in the Niger Delta.

As emphasized in previous chapters, the nationalization of BP did not dramatically change Nigeria's relationship with the UK or BP. Indeed, BP lost only select aspects of its operations in Nigeria. The tendency within the secondary literature is to simplify the nationalization, making it appear that BP was banished from all aspects of Nigeria's oil industry. Nigeria's greatest success in the nationalization included the take-over of BP's marketing operations. Within a short amount of time, Nigeria increased the direct participation of Nigerian businessmen who took over the petrol stations and board of directors. African Petroleum essentially took over a successful business model, allowing for the expansion of petrol stations into sparsely populated regions. Despite this take-over, BP today holds the distinction of acting as a major technical advisor to its predecessor African Petroleum. Some scholars have concluded that Nigeria would never take a decisive economic move such as nationalization without ensuring its own survival. The federal government, despite its rhetoric, had little interest in making a true enemy out of the UK.

Most importantly, the nationalization of BP went into Nigeria's turbulent history as a positive, memorably event. Making the nationalization of BP about southern Africa proved highly successful in not only distracting Nigerians from their own economic problems, but also became a major rallying point within the country. It gave Nigerians an opportunity to feel part of a global struggle and a way to feel proud of their government's commitment to the cause. In many ways, Nigeria's role in the liberation of southern Africa placed Nigeria within the scope of the international community. During the 1970s,

Nigeria became not only a oil-producing powerhouse, but also one within diplomatic circles. Public forums buzzed with discussions about the injustices within southern Africa and the ways in which their own experiences related. The largest source of evidence for this, of course, is how the majority of African scholars discuss Nigeria’s involvement in southern Africa and the nationalization of BP. Without southern Africa, the military leadership of Gowon and Obasanjo would be seen in an almost entirely negative light. In actuality, Gowon and Obasanjo are praised for their strength to stand up against the UK and their commitment to the liberation of southern Africa. The nationalization of BP, if nothing else, illuminates the deeply strategic style of politics so characteristic of Obasanjo today.

In general, the nationalizations of oil companies within the downstream and upstream sectors—including BP—that took place during the 1970s had a tremendous impact on Nigerian society. For example, the wave of nationalization and indigenization did, in fact, give the federal government more control over its trade. As a result, Nigeria was able to diversify its trading partners and invite foreign investors from all over the world. Table 11 shows that between 1960 and 1975, Nigeria decreased its reliance on British consumers and increased its trade with the US and West Africa by 9.85 percent and 0.5, respectively.

Destination	1960	1970	1975
United Kingdom	47.6	28.3	18.9
United States	9.4	11.5	18.25
West Africa	0.6	0.8	0.11

Table 11: Nigeria's Main Trading Partners⁵¹⁹

Rentier State

Like so many other “spigot economies,” to borrow Frederick Cooper’s phrasing, Nigeria fell into the trap of becoming a rentier state. Oil has, as Gelb et al. describes, as some “peculiar features,” which include it being a large-scale industry with high wages within countries that have predominately small-scale industries and low wages. Oil carries with it a “degree of uncertainty.”⁵²⁰ Unfortunately, oil rents are extremely unreliable as a path of economic development. The term rentier highlights the accumulation of wealth from a market price of a good that has low production costs associated with it.⁵²¹ In theory, high revenue from oil should ensure development within a country, but this is rarely the case. For one reason, it can make states lazy and less aggressive about establishing a broad economic base outside of oil. The rent collected represents, as Sven Wunder explains, “supra-normal profits that exceed the normal return on factors of production.”⁵²² For another, it has the tendency to increase the inflation rate in the country. Within the literature, this is described as the “Dutch Disease.” Within politically unstable countries, oil wealth becomes a magnet for corrupt activities and massive spending in projects yielding little long-term gain. It tends to have devastating

⁵¹⁹ Expressed in a percentage of the total value exported. Compiled from Ihonvbere, “Foreign Policy of Dependent States,” 98 and EIU, *Quarterly Economic Review –Nigeria* 3rd Quarter (London: EIU, 1977), Appendix 2.

⁵²⁰ Gelb and Associates, *Oil Windfalls*, 32-33.

⁵²¹ Gelb and Associates, *Oil Windfalls* , 6-7, 32.

⁵²² Sven Wunder, *Oil Wealth and the Fate of the Forest* (New Brunswick, NJ: Routledge, 2003), 28.

effect on prices for basic commodities, wages, and national productivity. Prices of commodities increase while wages did not, creating massive inflation. This made the daily lives of people in Nigeria difficult as they can no longer afford basic food items such as salt (see Table 12). Juan Pablo Pérez Alfonso, a founding member of OPEC, described oil as “the devil’s excrement” for this very reason.⁵²³

Commodity	Unit	From	To (in ₦)
Palm Oil	1 tin	18	19
Onions	1 bag	15	28
Beans	1 tin	12	15
Stockfish	1 piece	5	7
Sugar	1 carton	35	40
Salt	1 bag	12	13.50

(1960=100)

Table 12: Consumer Price List for Gongola State (July 1979)⁵²⁴

For Nigeria, being a rentier state was only a fraction of the problem. The federal military government failed to take steps to correct the downward spiral. The level of poor development planning, corruption, and comprador nationalism only exacerbated the situation. Nigeria engaged in a series of large-scale development plans in which taking over foreign economic activities became a major focus. These plans also included a great deal of government expenditure in the areas of state-wide infrastructure such as roads, electricity, and telecommunications in addition to health and education. Funding for these massive projects came from oil windfalls, particularly during the oil boom years from

⁵²³ Juan Pablo Pérez Alfonso quoted in Alan H. Gelb and Associates, *Oil Windfalls: Blessing or Curse?* (Washington, DC: World Bank, 1988), 8.

⁵²⁴ Emman Unoka, “Price Increase on All Commodities,” *Daily Times* [Lagos] (31 July 1979), 17. Gongola State was located in northeastern Nigeria, but was divided into the Adamawa and Taraba States in 1991.

1973-1978. However, Nigeria failed to properly invest and save for the long-term and found itself in serious financial debt. To satisfy demands made by military supporters and the general public, Nigeria spent well beyond its financial ability during the 1970s. Chibuzo N. Nwoke writes that the failure of economic nationalism can be attributed to the lack of turning it into a clear ideology and applying it systematically.⁵²⁵ As a result, the exact same military regimes that mandated this nationalist vision were also those preventing it from reaching fruition.

The golden years of massive government spending came to a grinding halt, with development projects discontinued and neglected. Poor financial planning coupled with a failed federal allocation system resulted in Nigeria's agricultural exports moving from around 40 percent in 1960 to around 5 percent by the mid-1990s. Table 13 gives a comparison of crude oil with other commodities produced and exported in Nigeria. Additionally, health care facilities and course materials for formal education programs began to collapse. By 1980 Nigeria had become an economic and social disaster.

(‘000 tons)					
Commodity	1968	1970	1973	1975	1978
Grountnuts	638	287	197.7	--	0.6
Crude Oil	6,890	50,883	94,302.2	81,696.0	82,580.1
Raw Cotton	14	28	8.3	--	13.1
Cocoa Beans	206	193	213.8	191.6	167.5

Table 13: Exports of Major Commodities⁵²⁶

⁵²⁵ Chibuzo N. Nwoke, "Towards Authentic Economic Nationalism in Nigeria," *Africa Today* 33, no. 4 (1986), 51.

⁵²⁶ Federal Republic of Nigeria, *Economic and Statistical Review, 1978* (Lagos: Federal Government Press, 1979, 25, 28).

The scarcity of economic resources within the country became a breeding ground for corruption in the country. The structure of the federal military government all the way down to local government officials facilitated the proliferation of it. In this regard, economic nationalism actually stifled economic freedom and political liberation. Instead, the majority of the take-over, partial or complete, that occurred went to those who kept the federal military government in power. Corruption bled the country and failed to create a stable middle class. Gains made from this practice rarely reached the average Nigerian in any appreciable amount.

As part of both the system of corruption and economic nationalism, there is the added political force of the compradors. Terisa Turner describes this group of individuals, not by ethnicity, but by their mutual quest for total access to foreign firms, local markets, and raw materials.⁵²⁷ As foreign companies competed for shares in Nigeria's economy, the federal military government stimulated the involvement of state officials and local businessmen. The result is a triangular relationship in which the state, compradors, and foreign firms are negotiating and undermining one another. Within the oil industry, technocrats promoting state-sponsored capitalism are undermined by corrupt officials trying to undercut them and negotiated directly with the foreign oil companies. Activities of this nature included the granting licenses for construction projects without open contract bidding, collecting kickbacks, and launching projects that never materialize. As a comprador state, as well as an authoritarian one, power and wealth remained in the hands of a few individuals. An integral part of this comprador system is the nationalization of foreign companies, which increases revenue circulating among the government.

Studying Nigeria as a comprador state complicates the role and effectiveness of economic nationalism. For the most part, economic nationalism is identified as having an ethical, socialist, and egalitarian quality to it. What comprador nationalism emphasizes is that within the framework of economic nationalism, we can see strong tendencies toward capitalism, individualism, and corruption. Comprador nationalism reflects the interest of businessmen within Nigeria and their influence on the federal military government. In reference to the nationalization, an official from Shell underscores the government received from the civil service. To the Foreign and Commonwealth Secretary, he writes:

There was in any civil service, but especially where, as in Nigeria, it was an elite, a feeling that they should be the people who determined the future. In Nigeria this resulted in a desire to obtain control over their oil resources. The civil service were therefore prepared to use emotion generated by an issue like Rhodesia to justify an improper move to seize control of the oil industry in their country.⁵²⁸

The above quote suggests that not only the influence of comprador nationalism on economic policies, but also, once again, offers evidence that those close to the situation in Nigeria recognized the deliberate linkage created between the nationalization and southern Africa. Scholars addressing the cultural composition of such pressure groups highlight the Yoruba, with a strong presence in Nigeria's unofficial commerce capital of Lagos, and the Muslim landowners and intellectuals from the North. The program of economic nationalism during the 1970s, however, reconfigured the appearance of affiliations into pressure groups derived from state institutions.

⁵²⁷ Turner, "Multinational Corporations," 64.

⁵²⁸ "Record of a Conversation between the Foreign and Commonwealth Secretary and Sir David Barren, Chairman of Shell," 12 April 1972, PRO BT 241/2558, 4.

The federal military government put efforts into people attaching their identity not with their ethnic group or religion, but in their state. Gowon and Obasanjo put faith in their development plans and indigenization decrees to shake up old power structures and replace them with new ones. The creation of new states, in which Nigeria went from having four regions in 1963 to nineteen states in 1976, was the key. Additionally, the federal military government tinkered with the ratios of revenue allocation to meet the needs of every state. The federal military government saw some success in that many people adhered to the notion of “our oil,” indicating at least some identification with a national commodity, it was replaced with intense state-level rivalry and the forging of regional polarization.

By the end of the 1970s, it became apparent that contesting forms of nationalism threatened the project of economic nationalism. The focus of most of the secondary literature on Nigeria during the 1970s implies that ethnic and religious nationalisms took a back seat to this state-sponsored program. But, is this an accurate conclusion? A close look at public demands indicates that two developments occurred. On the one hand, people did seek state channels during the 1970s to voice concerns and complaints. Individuals put a great deal of hope in the oil boom to improve their situation. On the other, ethnic claims became disguised as state demands. Complaints about environmental degradation caused by oil facilities were not expressed in terms of ethnicity, but in terms of state affiliation. A north-south divide also occurred in the mid-1970s. By the 1980s, it turned into hostility between Muslims in the North and non-Muslims in the South. All over the country, people turned to social institutions to help with financial problems and

political disputes. Ethnic nationalism and religious nationalism, while always existing during the 1970s, increased in visibility after 1978.

States during the 1970s received the majority of their funding through the revenue allocation scheme, which made them highly dependent on the federal military government. Individual states found themselves competing for scarce resources when the oil boom ended. The NEP decrees, development plans, and nationalizations were supposed to release some of the pressure of this situation. When funding and business opportunities for individuals dwindled, problems of ethnic and religious tension started to surface.

Ultimately, the program of economic nationalism initiated by the federal military government during the 1970s succeeded in turning away foreign firms and empowering local businessmen. It failed to promote long-term economic development and sustainable growth. The basic living conditions of most Nigerians did not change as improvements to infrastructure did not keep pace with population growth or distribution within the country. How did Nigeria end up this way? How can we prevent this kind of economic backslide in the future? With this kind of major economic transformation in the span of one decade, it is no wonder that the Nigeria during the 1970s is a major topic of research.

Areas for Further Research

There are many areas in which further investigation is warranted. Most secondary works on oil in Nigeria focus on the upstream sector, in which the nationalization of BP and the formation of the NNPC figure prominently. These events certainly affected the

national consciousness of Nigerians, particularly among those living within the oil-producing Niger Delta. However, Nigeria also passed decrees related to the downstream sector, which, arguably, affected larger segments of the population than the downstream sector. In the early 1970s, Nigeria began the policy of subsidizing the price of petroleum products to make them more accessible to Nigerians. It also took over the marketing operations of nearly every major foreign oil company in the country and created national marketing companies to meet growing demand in remote regions of the country. These decrees had a tremendous and long-lasting impact on Nigerians' national consciousness and perspective on the role of oil in their lives. Chronic fuel shortages that were never relieved coupled with cross-border smuggling made the nationalistic plan of "oil for everyone" into a cruel joke. While the nationalist transformations in the upstream sector affected many Nigerians, those changes in the downstream sector affected the majority of the population directly or indirectly. This is just one area that has yet to be studied and would make a substantial contribution to the field of oil in Nigeria.

A second area in need of further research also emerged while researching and writing about the nationalization of BP. This area for further study includes looking explicitly at the linkage between the nationalization projects of the 1970s and the crisis in the Niger Delta that reach global attention in the early 1990s. Primary documentation thus far collected from Nigeria and the UK provide ample evidence of the tension between villagers and the oil companies within the Niger Delta starting in the early 1970s. This kind of project exposes the historical context behind the contemporary crisis in the Niger Delta. It has the potential of revealing the problems created in the 1970s due to rapid nationalization and the rising tension between the local communities, oil

companies, and the oil revenue thirsty national government. A close look at the historical underpinnings of this crisis may help policy makers and scholars to better understand the complexity of the crisis in the Niger Delta.

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Vita

Ann Weymouth Genova was born in Detroit, Michigan on 18 November 1977 to Jacquelynne McLellan and Mitchell Genova. She received her B.A. degree from Frostburg State University and her M.A. degree from the University of Texas at Austin. She is a recipient of the Patrice Lumumba Fellowship from the Center of African and African-American Studies at the University of Texas at Austin. She has taught part-time at the University of Texas at Austin and Southwestern University. She is co-author of *The Politics of the Global Oil Industry* (Praeger 2005) and a chapter contributor to edited volumes such as *Yoruba Identity and Power Politics* (University of Rochester 2006) and journals such as *History in Africa*.

Permanent address: 223 Armstrong Ave., Frostburg, Maryland 21532

This dissertation was typed by Ann Weymouth Genova.